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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	**Chapter 11**
	:	
ANGELICA CORPORATION, *et al.*,	:	**Case No. 17-10870 (JLG)**
	:	
Debtors.[1]	:	**(Joint Administration Pending)**
	:	

MOTION OF DEBTORS PURSUANT TO 11 U.S.C. §§ 105, 363, 365, 503, AND 507 AND FED. R. BANKR. P. 2002, 6004, AND 6006 FOR APPROVAL OF: (I) (A) BIDDING PROCEDURES, (B) STALKING HORSE ASSET PURCHASE AGREEMENT AND BID PROTECTIONS, (C) FORM AND MANNER OF NOTICE OF AUCTION, SALE TRANSACTION, AND SALE HEARING, AND (D) ASSUMPTION AND ASSIGNMENT PROCEDURES; AND (II) (A) PURCHASE AGREEMENT, (B) SALE OF SUBSTANTIALLY ALL OF DEBTORS' ASSETS FREE AND CLEAR OF LIENS, CLAIMS, INTERESTS, AND ENCUMBRANCES, AND (C) ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Clothesline Holdings, Inc. (1081); Angelica Corporation (5260); Angelica Textile Services, Inc.–NY (6508); Royal Institutional Services, Inc. (8906); and Angelica Textile Services, Inc.–CA (5010). The location of the Debtors' corporate headquarters is 1105 Lakewood Parkway, Suite 210, Alpharetta, Georgia 30009.

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

Angelica Corporation and its affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the "**Debtors**" or "**Angelica**"), respectfully represent:

Preliminary Statement

1. The consummation of a value-maximizing, job-preserving, going concern sale of Angelica's assets through an expeditious process is the primary purpose of these chapter 11 cases. To that end, Angelica entered into a stalking horse asset purchase agreement (the "**Stalking Horse APA**")[2] with 9W Halo Holdings L.P., as buyer (the "**Stalking Horse Bidder**"), an affiliate of KKR Credit Advisors (US) LLC (on behalf of certain of its affiliates and managed funds and accounts, "**KKR Credit**" and, together with 9W Halo Holdings L.P., "**KKR**"), a prepetition lender under the Term Loan Credit Agreement (as defined below), for the sale of substantially all of Angelica's assets. Through the Stalking Horse APA, the vast majority of Angelica's approximately 3,900 employees should have the ability to keep their jobs on substantially similar terms and conditions under which they are currently employed. The consideration offered by the Stalking Horse Bidder is estimated at approximately $125 million, including (i) $17.4 million in the form of a credit bid of KKR's prepetition debt and (ii) cash consideration,[3] plus the assumption of certain liabilities, subject to certain adjustments. The

[2] Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Stalking Horse APA or the Bidding Procedures Order, as applicable.

[3] This cash consideration includes an amount sufficient to satisfy, among other things, (i) all obligations (a) secured by liens on the Purchased Assets that are senior to those held by KKR and (b) senior to KKR in payment priority, pursuant to that certain Agreement Among Lenders, dated as of July 12, 2016, and (ii) the Closing Cash Shortfall, which consists of cash provided by the Stalking Horse Bidder, up to a capped amount, that is needed to cover certain costs associated with the wind-down of the Debtors' bankruptcy estates after consummation of the Sale Transaction (as defined below).

Stalking Horse APA is attached hereto as **Exhibit B**, and is subject to higher or otherwise better offers as described herein**.**

2. As set forth in greater detail below and in the Declaration of Bradley Jordan in Support of this Motion (the "**Jordan Declaration**"), filed contemporaneously herewith, Angelica conducted an extensive and robust prepetition marketing, solicitation, and sale process over a several month period of time. Those efforts culminated in Angelica entering into the Stalking Horse APA. Given the exigencies of Angelica's business operations and financial condition, and the milestones in the Stalking Horse APA and the Debtors' debtor-in-possession financing agreement (the "**DIP Agreement**"), the immediate sale of Angelica's assets as a going concern is the best possible way to avoid a piecemeal liquidation of the assets of Angelica's estates, which would result in significantly less value for all stakeholders and likely the loss of jobs for most, if not all, of Angelica's employees.

3. Accordingly, in consultation with its various stakeholders, Angelica and its advisors developed bidding and auction procedures for the sale of substantially all of its assets (the "**Bidding Procedures**"). Under the Bidding Procedures, parties may submit bids for the purchase and sale of substantially all of Angelica's assets (the "**Purchased Assets**"). The Bidding Procedures are intended to preserve jobs and the business as a going concern, and generate the greatest level of interest in purchasing the assets resulting in the highest or otherwise best offer for the Purchased Assets. Angelica believes that the Stalking Horse APA and the Bidding Procedures represent the best available option to maximize value for Angelica's various stakeholders.

4. By this Motion, Angelica seeks, among other things, an order approving the Bidding Procedures (the "**Bidding Procedures Order**") and a separate order (the "**Sale**

Order") approving the sale of the Purchased Assets to the Stalking Horse Bidder or the bidder who submits the highest or otherwise best offer for the Purchased Assets (the "**Sale Transaction**").

Background

5. On the date hereof (the "**Commencement Date**"), the Debtors each commenced with the Court a voluntary case under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**"). The Debtors are authorized to continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or statutory committee of creditors has been appointed in these chapter 11 cases.

6. Contemporaneously herewith, the Debtors have filed a motion requesting joint administration of the chapter 11 cases pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**").

7. Information regarding the Debtors' business, capital structure, and the circumstances leading to the commencement of these chapter 11 cases is set forth in the Declaration of John Makuch Pursuant to Rule 1007-2 of the Local Bankruptcy Rules for the Southern District of New York, sworn to on the date hereof (the "**Makuch Declaration**"), which has been filed with the Court contemporaneously herewith and is incorporated by reference herein.

Jurisdiction

8. The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Relief Requested

9. By this Motion, pursuant to sections 105, 363, 365, 503, and 507 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004, 6006, and 9014 the Debtors seek entry of:

a. the "**Bidding Procedures Order**," substantially in the form attached hereto as **Exhibit A**:

i. authorizing and approving the "**Bidding Procedures**," substantially in the form attached as **Exhibit 1** to the Bidding Procedures Order;

ii. authorizing and approving certain bidding protections in favor of the Stalking Horse Bidder, including an expense reimbursement on the terms set forth in the Stalking Horse APA;

iii. scheduling the auction for the Purchased Assets (the "**Auction**") to be held on **June 5, 2017**, if necessary;

iv. scheduling a hearing with respect to the approval of the sale of the Purchased Assets (the "**Sale Hearing**") and notices related thereto for **June 1, 2017**, if the Stalking Horse Bid is the only Qualified Bid received, or **June 12, 2017**, if more than one Qualified Bid is received and the Auction is conducted (subject in each case to the Court's availability);

v. authorizing and approving the procedures included in paragraphs 16 - 27 of the Bidding Procedures Order (the "**Assumption and Assignment Procedures**") for the assumption and assignment of certain of the Debtors' executory contracts and unexpired leases and the determination of cure costs;

vi. approving various deadlines in connection with the foregoing; and

vii. authorizing and approving (i) notice of the Auction and Sale Hearing in the forms attached as **Exhibit 2** (the "**Sale Notice**") and **Exhibit 3** (the "**Publication Sale Notice**") to the Bidding Procedures Order and (ii) notice of the proposed cure costs and the assumption and assignment of certain contracts of the Debtors in the form attached as **Exhibit 4** to the Bidding Procedures Order (the "**Cure Notice**"); and

b. the Sale Order, which shall be filed with the Court at least 14 days prior to the Sale Hearing and shall be in form and substance reasonably acceptable to the Debtors and the Stalking Horse Bidder, authorizing and approving:

i. the sale of the Purchased Assets free and clear of liens, claims, interests, and other encumbrances;

ii. the assumption and assignment of certain executory contracts and unexpired leases of the Debtors in connection therewith; and

iii. granting related relief.

Prepetition Marketing and Sale Process

10. Angelica's pursuit of a going concern sale transaction began in the fourth quarter of 2016, following a thorough diligence process by Angelica, its Board, and its financial advisor, Alvarez & Marsal North America, LLC, regarding strategic alternatives and an evaluation of all options available to Angelica in light of its growing liquidity concerns. On September 9, 2016, Angelica retained Houlihan Lokey Capital, Inc. ("**Houlihan Lokey**") to serve as its investment banker and to market substantially all of its assets.

11. In November and December 2016, Houlihan Lokey and Angelica contacted 221 potential buyers, including 42 strategic buyers (*i.e.*, companies already operating in the healthcare linen management and laundry services industry) and 179 financial buyers (such as private equity firms), with the aim of attracting one or more bidders for Angelica's assets. *See* Jordan Decl. ¶ 10. During this process, interested buyers executed confidentiality agreements and were provided with a Confidential Information Memorandum describing Angelica's business and communicated with Houlihan Lokey with respect to preliminary diligence questions. *See id.* As a result of these extensive marketing efforts, Angelica received 30 indications of interest, 23 for substantially all of Angelica's assets and seven for specific laundry plants/regions. *See id*. In evaluating the proposals, Angelica and Houlihan Lokey analyzed, among other things: (i) the consideration offered by each potential buyer; (ii) assets to be acquired, liabilities to be assumed, and proposed treatment of and effect on Angelica's labor agreements and related obligations; and (iii) execution risk. *See id*. ¶ 11.

12. Of the initial list of interested buyers, Angelica selected 14 bidders to participate in a second and final round of bidding. *See id*. ¶ 12. During this round, which lasted from mid-December 2016 until late January 2017, Angelica provided these bidders with management presentations and access to an electronic data room containing significant diligence and other confidential information about Angelica's business, and invited parties to conduct on-site visits of Angelica's headquarters and laundry plants. *See id*. Over the course of these on-site visits, Houlihan Lokey and Angelica continued negotiating with the remaining bidders to increase the value of the bids received. *See id*.

13. After the completion of the second and final round of bidding, Angelica received four final bids for substantially all of Angelica's assets. *See id*. ¶ 13. Angelica, its Board, and its advisors conducted a comprehensive review of the final bids and continued negotiations with these bidders in order to determine the optimal path forward. *See id*. To that end, Angelica and its Board, with the assistance of Angelica's advisors, were able to narrow down the four final bids to one bid that presented the most value-maximizing proposal at that time (the "**Top Final Round Bidder**"). *See id.* To complete its final diligence, however, the Top Final Round Bidder requested that Angelica grant it exclusivity and thereby cease discussions with all other known or potential bidders. *See id.*

14. Upon Angelica's receipt of the Top Final Round Bidder's request for exclusivity, KKR Credit, who had monitored the marketing and sale process, but had not previously participated in the process as a potential bidder, completed its own review of the final bids and, through the Stalking Horse Bidder, submitted a higher cash bid that also included a credit bid component on account of a portion of KKR's prepetition debt. *See id*. ¶ 14. On February 1, 2017, KKR submitted a formal letter of intent for the purchase of substantially all of

Angelica's assets. *See id*. Angelica and its Board analyzed this proposal, and, given the significant additional value offered, among other things, elected to sign KKR's letter of intent on a non-exclusive basis and deny the Top Final Round Bidder's request for exclusivity, and moved to complete outstanding diligence requests and negotiate sale documents with KKR. *See id.*

15. After extensive deliberations, significant negotiations with KKR, and multiple rounds of revisions to the terms of the bid, Angelica and its Board concluded that they had received the best possible bid for the Purchased Assets as a going concern that would maximize value for all of Angelica's stakeholders. *See id*. ¶ 15. As a result, the Board decided to proceed with the Stalking Horse Bidder's bid as reflected in the Stalking Horse APA (the "**Stalking Horse Bid**").[4] *See id*.

Need for Timely Sale Process

16. Angelica believes that the auction process and the time periods set forth in the Bidding Procedures are reasonable and will provide parties with sufficient time and information to submit a bid for the Purchased Assets. In formulating the procedures and time periods, Angelica balanced the need to provide adequate and appropriate notice to parties in interest and potential purchasers with the need to quickly and efficiently sell their assets while they have realizable value and can be maintained as a going concern. Furthermore, potential bidders have had, and will, in accordance with the Bidding Procedures, continue to have access to comprehensive information prepared by Angelica and its advisors compiled in an electronic data room.

17. In addition, completion of the sale process in a timely manner will maximize the value of the Purchased Assets. The time periods set forth in the Bidding

[4] A more detailed description of the Debtors' and Houlihan Lokey's robust and extensive marketing and evaluation process will be set forth in a declaration that the Debtors intend to file prior to a hearing on this Motion.

Procedures were negotiated at arms' length with the Stalking Horse Bidder and comply with the strict milestones imposed under the DIP Agreement. Failure to adhere to the proposed time periods could jeopardize the closing of the Sale Transaction, which Angelica believes is the best means of maximizing the value of its assets and maintaining the business as a going concern, enabling thousands of employees to retain their jobs and minimizing claims against the Debtors' estates. Thus, the Debtors have determined that pursuing the Sale Transaction in the manner and with the procedures proposed is in the best interests of the Debtors' estates and provides interested parties with sufficient opportunity to participate.

Proposed Sale Transaction

A. Stalking Horse APA[5]

18. The Stalking Horse APA represents a binding bid for substantially all of the Debtors' assets. The total consideration to be realized by the Debtors is estimated at approximately $125 million, including a credit bid in the amount of $17.4 million and cash and cash consideration, plus the assumption of certain liabilities, subject to certain adjustments.

19. The assets proposed to be purchased include, among other things, certain executory contracts and unexpired leases (the "**Purchased Contracts**") and certain real property, inventory, deposits, furniture and equipment, intellectual property, books and records, and permits. In the event that the sale to the Stalking Horse Bidder is consummated, the Debtors would assume and assign the Purchased Contracts to the Stalking Horse Bidder. The Stalking Horse Bidder is responsible for paying any cure costs (the "**Cure Costs**") related to the assumption and assignment of the Purchased Contracts.

[5] In the event of any inconsistencies between the provisions of the Stalking Horse APA and the general description of such agreement in this Motion, the Stalking Horse APA shall control.

20. The Bidding Procedures provide for standard bid protections, such as initial overbid amount and subsequent bidding increments. The Stalking Horse APA includes a provision for the payment of expense reimbursements up to a cap of $750,000 (the "**Expense Reimbursement**"), as an administrative expense, upon the termination of the Stalking Horse APA, payable in accordance with the terms thereof. The Bidding Procedures do not contemplate a break-up fee for the Stalking Horse Bidder.

21. In the event it is not the winning bidder at the Auction, as described in more detail below, the Stalking Horse Bidder has agreed to act as a "Back-up Bidder" and, as such, hold open its binding offer to purchase the Purchased Assets for a period of time after the Auction in case the winning bid at the Auction is not consummated.

22. The Stalking Horse APA includes various customary representations, warranties and covenants by and from the Debtors and the Stalking Horse Bidder (together, the "**Parties**"), as well as certain conditions to closing and rights of termination. Significantly, the Stalking Horse APA contains certain labor-related covenants. In particular, the Stalking Horse Bidder has agreed to, in consultation with the Debtors, engage in good faith discussions with certain unions affected by its bid to enter into new collective bargaining agreements with such unions that are acceptable to the Stalking Horse Bidder in the Stalking Horse Bidder's sole discretion. In addition, the Stalking Horse APA contains certain other covenants related to offers of continuing employment and other employee and labor-related concerns.

23. The Stalking Horse APA also includes covenants, conditions, and termination rights related to events in these chapter 11 cases. The transactions contemplated by the Stalking Horse APA are subject to approval by the Court and entry of the Bidding Procedures Order and the Sale Order.

24. Certain of the material terms of the Stalking Horse APA are described in greater detail below:

Purchased Assets. The Stalking Horse Bidder will acquire all of the Debtors' assets, other than the Excluded Assets for a Purchase Price (as such term is defined in the Stalking Horse APA) estimated at approximately $125 million, including cash and cash consideration and a credit bid in the amount of $17.4 million, plus the assumption of certain liabilities.

Expense Reimbursement. Reimbursement of the Stalking Horse Bidder's reasonable and documented expenses up to an aggregate amount of $750,000, payable on the conditions set forth in the Stalking Horse APA.

Back-Up Bidder. The Stalking Horse Bidder agreed to hold its offer until the first to occur of (a) the Outside Date (as such term is defined in the Stalking Horse APA), (b) consummation of the sale transaction with the winning bidder following the Auction, and (c) the Debtors' release of the Stalking Horse Bidder's obligations to serve as Back-Up Bidder.

Treatment of Assumed Labor Agreements. With respect to employees covered by certain Collective Bargaining Agreements (as such term is defined in the Stalking Horse APA) to which the Debtors are a party, the Stalking Horse Bidder shall, in consultation with the Debtors, engage in good faith discussions with each of the affected unions to enter into new Collective Bargaining Agreements that are acceptable to the Stalking Horse Bidder in the Stalking Horse Bidder's sole discretion.

Bankruptcy Milestones. The Court must enter (i) the Bidding Procedures Order within 30 days following the Commencement Date and (ii) the Sale Order within 60 days following the Court's entry of the Bidding Procedures Order.

Closing. Closing to occur no later than 90 days after execution of the Stalking Horse APA.

Records Retention. The Stalking Horse Bidder will acquire certain books and records of the Debtors' and, subject to the terms and conditions of the Stalking Horse APA, will allow reasonable access to such books and records, which shall be maintained consistent with the Stalking Horse Bidder's retention and destruction policy for six years following the Closing.

Bidding Procedures

A. Overview

25. The Bidding Procedures are designed to maximize value for the Debtors' estates and will enable the Debtors to review, analyze, and compare all bids received to determine which bid is the highest and best. The Bidding Procedures describe, among other things, procedures for parties to access due diligence, the manner in which bidders and bids become "qualified," the receipt and negotiation of bids received, the conduct of the Auction (if any), the selection and approval of the ultimately successful bidder, and the deadlines with respect to the foregoing Bidding Procedures. The Debtors submit that the Bidding Procedures afford them the opportunity to pursue a sale process that will maximize the value of their estates.

26. A description of certain key elements of the Bidding Procedures is set forth below and is accompanied by, in certain instances, the rationale for the rules:

a. Purchase Price; Minimum Bid. Each Bid submitted must (i) be a Bid for the Purchased Assets, (ii) exceed the Purchase Price by the Minimum Overbid Amount and the Expense Reimbursement, and (iii) propose an alternative transaction that provides substantially similar or better terms than the Stalking Horse Bid.

b. Cancellation of the Auction. If no Qualified Bid other than the Stalking Horse Bid is received in respect of the Purchased Assets, the Debtors will cancel the Auction and seek approval of a sale to the Stalking Horse Bidder at the Sale Hearing on **May 30, 2017, at 10:00 a.m. (Eastern Time)**.

c. Determination and Announcement of Baseline Bids. The Debtors shall make a determination regarding (i) which bids have been determined to be Qualified Bids and (ii) the highest or best Qualified Bid for the Purchased Assets (the "**Baseline Bid**") to serve as the starting point at the Auction.

   On **June 2, 2017, at 5:00 p.m. (Eastern Time)**, the Debtors shall file a notice designating the Baseline Bid on the Court's docket and publish such notice on the website of their claims and noticing agent and in the Data Room and/or distribute the same at the Auction.

B. Key Dates and Deadlines

27. The Bidding Procedures establish the following key dates for the sale process:

May 8, 2017	• Deadline to Submit Non-Binding Indication of Interest
May 25, 2017 at 4:00 p.m. (ET)	• Deadline to Object to Sale Transaction / Deadline to Object to Assumption and Assignment of Purchased Contracts to Stalking Horse Bidder, Including Proposed Cure Costs[6]
May 29, 2017 at 5:00 p.m. (ET)	• Deadline to Submit Bids
June 1, 2017	• Sale Hearing if no Qualified Bid other than Stalking Horse Bid received for Purchased Assets (subject to the availability of the Court)
June 2, 2017 at 5:00 p.m. (ET)	• Deadline for Debtors to Designate and Publish Baseline Bid
June 5, 2017 at 10:00 a.m. (ET)	• Auction, if necessary, to be conducted at the offices of Weil, Gotshal & Manges LLP; 767 Fifth Avenue, New York, New York 10153
June 7, 2017	• Deadline for Debtors to File and Serve Notice of Successful Bidder and Back-Up Bidder
June 10, 2017 at 4:00 p.m. (ET)	• Deadline to File Adequate Assurance Objection for Successful Bidder other than the Stalking Horse Bidder
June 11, 2017 at 4:00 p.m. (ET)	• Debtors' Reply Deadline
June 12, 2017	• Sale Hearing if Auction is Conducted (subject to the availability of the Court)

28. In addition, the Bidding Procedures provide for the following sale notice procedures, sale objection deadline, and Bid Deadline:

a. Notice of Sale, Auction, and Sale Hearing:

i. Within three days after entry of the Bidding Procedures Order, the Debtors shall cause the Sale Notice to be filed with the Court and served by email,

[6] This objection deadline applies to all objections to the sale of the Purchased Assets, with the exception of objections related to adequate assurance of future performance by a Successful Bidder other than the Stalking Horse Bidder.

mail, facsimile, or overnight delivery on: (i) counsel for the Stalking Horse Bidder; (ii) all Persons known by the Debtors to have expressed an interest to the Debtors in a transaction with respect to the Purchased Assets in whole or in part during the past 12 months; (iii) all entities known by the Debtors to have asserted any lien, claim, encumbrance, or other interest in the Purchased Assets (for whom identifying information and addresses are available to the Debtors); (iv) all non-Debtor parties to the Purchased Contracts (for whom identifying information and addresses are available to the Debtors); (v) any Governmental Body (as defined in the Stalking Horse APA) known to have a claim in the above-captioned chapter 11 cases; (vi) the United States Attorney for the Southern District of New York; (vii) the Office of the Attorney General in each state in which the Debtors operate; (viii) the Office of the Secretary of State in each state in which the Debtors operate or are organized; (ix) all of the multiemployer pension plans to which any of the Debtors is a contributing employer and the single employer defined benefit plans to which any Debtor is a contributor; (x) all of the labor unions that represent employees of any Debtor; (xi) the Federal Trade Commission; (xii) the United States Attorney General/Antitrust Division of Department of Justice; (xiii) all of the Debtors' known creditors (for whom identifying information and addresses are available to the Debtors); (xiv) all local environmental enforcement agencies; (xv) the United States Environmental Protection Agency; and (xvi) all other Persons requesting notice under Bankruptcy Rule 2002 or as directed by the Court (for whom identifying information and addresses are available to the Debtors).

ii. Within seven days after entry of the Bidding Procedures Order, the Debtors shall cause the Publication Sale Notice to be published on the website of the Debtors' claims and noticing agent and once in *The New York Times*, national edition and *The Wall Street Journal*.

b. Objection Deadline for Sale Transaction: The Bidding Procedures Order establishes **May 25, 2017 at 4:00 p.m. (Eastern Time)** as the deadline to file and serve objections to the sale of the Purchased Assets (the "**Sale Objection Deadline**").

c. Bid Deadline. The Bidding Procedures establish **May 29, 2017, at 5:00 p.m. (Eastern Time)** as the deadline for the submission of any and all bids (the "**Bid Deadline**").

29. The Debtors believe that the time periods set forth in the Bidding Procedures are reasonable. Under the proposed timeline, there will be 52 days and 56 days between the filing of this Motion and the Sale Objection Deadline and the Bid Deadline, respectively. This period will provide parties with sufficient time to formulate bids to purchase

the Purchased Assets. The Debtors' business has been extensively marketed to both strategic and financial buyers in recent months, and information regarding the Debtors' business has been made available in an electronic data room during the process. As such, many parties that may have an interest in bidding at the Auction likely already have conducted diligence and evaluated the Debtors' business and will not be bidding in a vacuum. In addition, potential bidders who have not previously conducted diligence on the Debtors' business will have immediate access to, subject to the execution of an appropriate confidentiality agreement, a substantial body of information regarding the Purchased Assets, including information gathered based upon specific due diligence requests of the Stalking Horse Bidder and other prepetition bidders.

Assumption and Assignment Procedures

30. The Assumption and Assignment Procedures will, among other things, govern the Debtors' provision of notice to non-Debtor parties to Purchased Contracts that such contracts may be assumed and assigned to the Stalking Horse Bidder (or, if the Auction is held, the Successful Bidder) and of the Cure Costs the Debtors believe are necessary pursuant to section 365 of the Bankruptcy Code to assume and assign such contracts.

31. Pursuant to the Assumption and Assignment Procedures, within three days after the entry of the Bidding Procedures Order, the Debtors shall file with the Court and serve by first class mail on each non-Debtor party to the Purchased Contracts the Cure Notice. Any objection to proposed Cure Costs set forth on the Cure Notice (a "**Cure Objection**") or to the Stalking Horse Bidder's provisions of adequate assurance of future performance (an "**Adequate Assurance Objection**") must be filed with the Court and served on the Objection Notice Parties by **May 25, 2017 at 4:00 p.m. (Eastern Time)**.

32. If the Stalking Horse Bidder is outbid at the Auction, the Debtors will consummate the Sale Transaction with a party other than the Stalking Horse Bidder. In such

event, the Debtors will provide additional notice and opportunity to object to the assumption and assignment of the Purchased Contracts. Specifically, if a Successful Bidder other than the Stalking Horse Bidder prevails at the Auction, then (i) as soon as possible after the conclusion of the Auction, the Debtors shall file with the Court a notice that identifies the Successful Bidder and provides notice that the Debtors will seek to assume and assign the Purchased Contracts to the Successful Bidder, and (ii) the deadline to file and serve an Adequate Assurance Objection shall be extended to three days prior to the Sale Hearing; *provided* that the deadline to object to Cure Costs shall not be extended.

Extraordinary Provisions Under Local Guidelines

33. Collectively, the Bidding Procedures and the Stalking Horse APA contain the following provisions, which the Guidelines for the Conduct of Asset Sales, adopted by General Order M-331, require to be separately disclosed:

a. Deadlines that Effectively Limit Notice. As is common for auctions in chapter 11 cases, the identify of a Successful Bidder will not be known until shortly before the Sale Hearing; in this case, seven days before the Sale Hearing. The Debtors therefore request that the time for filing an Adequate Assurance Objection be shortened to three days before the Sale Hearing.

b. Use of Proceeds: Other than payment of the Expense Reimbursement from the proceeds of a sale transaction consummated pursuant to a Competing Bid in some circumstances, the Stalking Horse APA does not contemplate an allocation of sale proceeds.

c. Records Retention: As noted above, the Stalking Horse APA provides that the Stalking Horse Bidder will acquire the books and records related to the Purchased Assets. The Stalking Horse APA grants the Debtors reasonable access to such records, and the Debtors will be able to administer their bankruptcy cases, notwithstanding the sale of any books and records.

d. Requested Findings as to Successor Liability: The Stalking Horse APA requires that the Sale Order contain findings of fact and conclusions of law limiting the Stalking Horse Bidder's successor liability.

e. Requested Findings as to Fraudulent Conveyances or Transfers: The proposed Sale Order for the Stalking Horse Bidder shall contain findings of fact and conclusions of law with respect to the consideration paid and the elements of a fraudulent transfer.

f. Relief from Bankruptcy Rules 6004(h) and 6006(d): The Debtors seek relief from the 14-day stay imposed by Bankruptcy Rules 6004(h) and 6006(d).

Relief Requested Is Warranted
And In Best Interests of Debtors and Economic Stakeholders

A. Sale of Purchased Assets

34. Ample authority exists for approval of the sale envisioned by this Motion. Section 363 of the Bankruptcy Code provides, in relevant part, "[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). Courts in the Second Circuit and others, in applying this section, have required that the sale of a debtor's assets be based upon the sound business judgment of the debtor. *See In re Chateaugay Corp.*, 973 F.2d 141 (2d Cir. 1992) (holding that a judge reviewing a section 363(b) application must find from the evidence presented a good business reason to grant such application); *Committee of Equity Security Holders v. Lionel Corp.* (*In re Lionel Corp.*), 722 F.2d 1063, 1071 (2d Cir. 1983) (same); *In re Gen. Motors Corp.*, 407 B.R. 463, 493-94 (Bankr. S.D.N.Y. 2009). Once a court is satisfied that there is a sound business justification for the proposed sale, the court must then determine whether (i) the debtor has provided the interested parties with adequate and reasonable notice, (ii) the sale price is fair and reasonable, and (iii) the purchaser is proceeding in good faith. *Gen. Motors*, 407 B.R. at 493-94; *In re Betty Owens Sch.*, 1997 U.S. Dist. Lexis 5877 (S.D.N.Y. 1997); *accord In re Delaware and Hudson Ry. Co.*, 124 B.R. at 166; *In re Decora Indus., Inc.*, Case No. 00-4459, 2002 WL 32332749 at *3 (Bankr. D. Del. May 20, 2002).

35. As described above and in the Jordan Declaration, an orderly but expeditious sale of the Purchased Assets is critical to preserving and realizing their going

concern value and, in turn, to maximizing recoveries for the Debtors' economic stakeholders and preserves jobs. *See* Jordan Decl. ¶¶ 22-25. A prompt sale is also required by the express terms of the DIP Agreement and the Stalking Horse APA. Pursuing entry into and performance under the Stalking Horse APA represents a reasonable exercise of the Debtors' business judgment and is in the best interests of all parties.

36. The notice to third parties that the Debtors propose to provide, as set forth in the Bidding Procedures Order and Bidding Procedures, is more than adequate and reasonable. Such notice will ensure that actual notice of the Auction, Sale Hearing, and Sale Transaction will be provided to all known creditors of the Debtors, in addition to notice by publication. Such notice, together with the authority pursuant to sections 363 and 365 of the Bankruptcy Code, will enable the Court to make findings at the Sale Hearing and in the Sale Order that the ultimate purchaser of the Purchased Assets, whether it be the Stalking Horse Bidder or, if the Auction is held, the Successful Bidder, shall not be liable under theories of successor liability in connection with such Purchased Assets. The Debtors believe that the Stalking Horse Bidder or, if the Auction is held, the Successful Bidder, will give substantial consideration in exchange for such release from successor liability.

37. The Debtors believe that the Purchase Price under the Stalking Horse APA is fair and reasonable, but the Court and parties in interest will be assured at the Sale Hearing, after an extended diligence period and marketing by the Debtors' advisors, that the Debtors will have selected the party with the highest or best offer for the Purchased Assets. The Debtors' compliance with the Bidding Procedures Order and the Bidding Procedures will provide the basis to find that any sale of the Purchased Assets does not constitute a fraudulent transfer because the purchase price represents reasonably equivalent value and is fair and

reasonable. It will also establish that the Debtors and the Stalking Horse Bidder, or any other Successful Bidder, have proceeded in good faith.

B. Sale Free and Clear of Liens, Claims, Encumbrances and Interests

38. In the interest of attracting the best offer, the sale of the Purchased Assets should be free and clear of any and all liens, claims, encumbrances, and other interests in accordance with section 363(f) of the Bankruptcy Code, with any such liens, claims, encumbrances, and other interests attaching to the proceeds of the sale. Pursuant to section 363(f) of the Bankruptcy Code, a debtor in possession may sell property of the estate "free and clear of any interest in such property of an entity other than the estate" if applicable non-bankruptcy law permits the sale of such property free and clear of such interest, if such entity consents, if such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property, if such interest is in bona fide dispute, or if such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest. *See* 11 U.S.C. § 363(f)(1) – (5). With respect to any party asserting a lien, claim, encumbrance, or other interest against the Purchased Assets, the Debtors anticipate that they will be able to satisfy one or more of the conditions set forth in section 363(f).

C. Protections As Good Faith Purchaser

39. Section 363(m) of the Bankruptcy Code protects a good faith purchaser's interest in property purchased from a debtor notwithstanding that the sale conducted under section 363(b) is later reversed or modified on appeal. Specifically, section 363(m) states that:

> The reversal or modification on appeal of an authorization under [section 363(b)] … does not affect the validity of a sale … to an entity that purchased … such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale … were stayed pending appeal.

11 U.S.C. § 363(m). Section 363(m) fosters the "'policy of not only affording finality to the judgment of the [B]ankruptcy [C]ourt, but particularly to give finality to those orders and judgments upon which third parties rely.'" *Reloeb Co. v. LTV Corp* (*In re Chateaugay Corp*., No. 92 Civ. 7054 (PKL), 1993 U.S. Dist. Lexis 6130, at *9 (S.D.N.Y. May 10, 1993) (quoting *In re Abbotts Dairies of Pa., Inc*., 788 F.2d 143, 147 3d Cir. 1986). *See also Allstate Ins. Co. v. Hughes*, 174 B.R. 884, 888 (S.D.N.Y. 1994) ("Section 363(m) . . . provides that good faith transfers of property will not be affected by the reversal or modification on appeal of an unstayed order, whether or not the transferee knew of the pendency of the appeal"); *In re Stein & Day, Inc*., 113 B.R. 157, 162 (Bankr. S.D.N.Y. 1990) ("pursuant to 11 U.S.C. § 363(m), good faith purchasers are protected from the reversal of a sale on appeal unless there is a stay pending appeal").

40. The selection of the Successful Bidder will be the product of arm's-length, good faith negotiations in an open and competitive sale process. Based upon the record to be made at the Sale Hearing, the Debtors will request a finding that the Successful Bidder is a good faith purchaser entitled to the protections of section 363(m) of the Bankruptcy Code.

D. Bidding Procedures

41. The Debtors believe the Bidding Procedures are fair and reasonable and will ensure that the bidding process and the Auction (to the extent necessary) will yield the maximum value for the Debtors' estates and creditors. The Bidding Procedures allow all parties in interest an opportunity to conduct in-depth diligence. The Bidding Procedures also provide an appropriate framework for the Debtors to review, analyze, and compare all bids received to determine which bid is in the best interests of the Debtors and their economic stakeholders. The Bidding Procedures clearly set forth the participation requirements for Qualified Bidders and bid

requirements for Qualified Bids. Accordingly, approval of the Bidding Procedures, including the dates established thereby for the Auction and the Sale Hearing, is warranted.

E. Expense Reimbursement and Other Bid Protections

42. The Bidding Procedures contain certain bid protections for the Stalking Horse Bidder, such as the initial overbid requirement and the subsequent bidding increments. The Stalking Horse APA contains an additional bid protection: the provision of an Expense Reimbursement, payable upon the termination of the Stalking Horse APA on certain conditions contained therein (such Expense Reimbursement, together with the initial and subsequent bid increments, the "**Bid Protections**").

43. Approval of expense reimbursements as an administrative expense claim as a form of bidder protection in connection with a sale of assets pursuant to section 363 of the Bankruptcy Code has become a recognized practice in chapter 11 cases because it enables a debtor to ensure a sale to a contractually committed buyer at a price the debtor believes is fair, while providing the debtor with the potential of obtaining an enhanced recovery through an auction process.[7] Bankruptcy courts have approved bidding incentives similar to the ones contemplated in the Stalking Horse APA under the "business judgment rule," pursuant to which courts typically grant deference to the actions of a corporation's board of directors taken in good faith and in the exercise of honest judgment.

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[7] *See*, *e.g.*, *In re Lehman Bros. Holdings Inc., et al.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Oct. 22, 2008) (approving break-up fee and expense reimbursement); *In re Steve & Barry's Manhattan LLC, et al.*, Case No. 08-12579 (ALG) (Bankr. S.D.N.Y. Aug. 5, 2008) (approving break-up fee and expense reimbursement); *In re Bally Total Fitness of Greater New York, Inc*., Case No. 07-12395(BRL) (Bankr. S.D.N.Y. Aug. 21, 2007) (approving break-up fee and expense reimbursement); *In re G+G Retail, Inc*., Case No. 06-10152 (RDD) (Bankr. S.D.N.Y. Jan. 30, 2006); *Official Comm. of Subordinated Bondholders v. Integrated Res., Inc., (In re Integrated Res., Inc.),* 147 B.R. 650 (S.D.N.Y. 1992), *appeal dismissed*, 3 F.3d 49 (2d Cir. 1993) (approving break-up fee and expense reimbursement); *In re Twinlab Corp., et al*., Case No. 03-15564 (CB) (Bankr. S.D.N.Y. 2003) (approving break-up fee and expense reimbursement); *In re Adelphia Business Solutions, Inc., et al*., Case No. 02-11389 (REG) (Bankr. S.D.N.Y. 2002) (approving break-up fee and expense reimbursement).

44. The Bid Protections provided in the Bidding Procedures and the Stalking Horse APA meet the "business judgment rule" standard. These protections, individually and collectively, were a material inducement for, and condition of, the Stalking Horse Bidder's entry into the Stalking Horse APA. The Stalking Horse Bidder is unwilling to commit to hold open its offer under the terms of the Stalking Horse APA unless assured of payment of the Expense Reimbursement under the conditions set forth in the agreement. The Expense Reimbursement promotes more competitive bidding by inducing the Stalking Horse Bidder to hold its offer open as a minimum or floor bid on which other bidders – and the Debtors – can rely. The Stalking Horse Bid increases the likelihood that the price at which the Purchased Assets are sold will reflect their true worth, and the Stalking Horse Bidder is entitled to be compensated as a result. Moreover, the Expense Reimbursement is fair and reasonable in amount under the circumstances, particularly because, in the event the Expense Reimbursement becomes payable upon the consummation of a Competing Bid, it will be paid out of the proceeds of the Sale Transaction consummated pursuant to such Competing Bid.

45. The foregoing bid protections will not deter or chill bidding, are reasonable, and their availability to the Debtors will enable the Debtors to maximize the value of their estates.

F. Assumption and Assignment of Contracts

46. Section 365(a) of the Bankruptcy Code provides that a debtor in possession "subject to the court's approval, may assume or reject any executory contract or unexpired lease of the debtor." 11 U.S.C. § 365(a). Upon finding that a debtor has exercised its sound business judgment in determining to assume an executory contract or unexpired lease, courts will approve the assumption under section 365(a) of the Bankruptcy Code. *See Nostas Assocs. v. Costich* (*In re Klein Sleep Prods., Inc.*), 78 F.3d 18, 25 (2d Cir. 1996); *Orion Pictures*

Corp. v. Showtime Networks, Inc. (In re Orion Pictures Corp.), 4 F.3d 1095, 1099 (2d Cir. 1993).

47. In connection with the Sale Transaction, the Debtors will assume and assign the Purchased Contracts (*i.e.*, the executory contracts or unexpired leases included in the Stalking Horse Bid). In the Sale Transaction, the Debtors' assumption of the Purchased Contracts will be contingent upon payment of Cure Costs and effective only upon the Closing. Further, section 365(k) of the Bankruptcy Code provides that assignment by the debtor to an entity of a contract or lease "relieves the trustee and the estate from any liability for any breach of such contract or lease occurring after such assignment." 11 U.S.C. § 365(k). Pursuant to section 365(k), the Debtors will therefore be relieved from any liability for any breach of any Purchased Contract after an assignment to the Successful Bidder. As such, the assumption of the Purchased Contracts constitutes an exercise of the Debtors' sound business judgment.

48. Section 365(b)(1) of the Bankruptcy Code requires that any outstanding defaults under the Purchased Contracts must be cured or that adequate assurance be provided that such defaults will be promptly cured. As set forth above, the Debtors propose to file with the Court, and serve on each non-Debtor party to a Purchased Contract, a Cure Notice indicating the Debtors' calculation of the Cure Costs for each such contract. Non-Debtor parties to the Purchased Contracts shall have the opportunity to lodge any objections to the proposed assumption and assignment to the Successful Bidder and, if applicable, the proposed Cure Cost.

49. Pursuant to section 365(f)(2) of the Bankruptcy Code, a debtor may assign an executory contract or unexpired lease of nonresidential real property if "adequate assurance of future performance by the assignee of such contract or lease is provided." 11 U.S.C. § 365(f)(2). The meaning of "adequate assurance of future performance" depends on the

facts and circumstances of each case, but should be given "practical, pragmatic construction." *See Carlisle Homes, Inc. v. Azzari* (*In re Carlisle Homes, Inc.*), 103 B.R. 524, 538 (Bankr. D.N.J. 1988) (citation omitted); *see also In re Natco Indus., Inc.*, 54 B.R. 436, 440 (Bankr. S.D.N.Y. 1985) (adequate assurance of future performance does not mean absolute assurance that debtor will thrive and pay rent); *In re Bon Ton Rest. & Pastry Shop, Inc.*, 53 B.R. 789, 803 (Bankr. N.D. Ill. 1985) ("[a]lthough no single solution will satisfy every case, the required assurance will fall considerably short of an absolute guarantee of performance."). Among other things, adequate assurance may be given by demonstrating the assignee's financial health and experience in managing the type of enterprise or property assigned. *See In re Bygaph, Inc.*, 56 B.R. 596, 605-06 (Bankr. S.D.N.Y. 1986) (adequate assurance of future performance is present when prospective assignee of lease has financial resources and expressed willingness to devote sufficient funding to business to give it strong likelihood of succeeding; in the leasing context, chief determinant of adequate assurance is whether rent will be paid).

50. At the Sale Hearing, to the extent necessary, the Debtors will be prepared to proffer testimony or present evidence to demonstrate the ability of the Successful Bidder to perform under the Purchased Contracts. The Sale Hearing, therefore, will provide the Court and other interested parties with the opportunity to evaluate the ability of the Successful Bidder to provide adequate assurance of future performance, as required by section 365(b)(1)(C) of the Bankruptcy Code. Accordingly, it is requested that at the conclusion of the Sale Hearing, the proposed assumption and assignment of the Purchased Contracts be approved.

51. To facilitate the assumption and assignment of the Purchased Contracts, the Debtors further request that the Court find all anti-assignment provisions of the Purchased Contracts to be unenforceable under section 365(f) of the Bankruptcy Code.[8]

G. Request for Relief Pursuant to Bankruptcy Rules 6004(h) and 6006(d)

52. Bankruptcy Rule 6004(h) provides that an "order authorizing the use, sale, or lease of property…is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise." Fed. R. Bankr. P. 6004(h). Bankruptcy Rule 6006(d) further provides that an "order authorizing the trustee to assign an executory contract or unexpired lease under § 365(f) is stayed until the expiration of fourteen (14) days after the entry of the order, unless the court orders otherwise." Fed. R. Bankr. P. 6006(d).

53. In light of the current circumstances and financial condition of the Debtors, the Debtors believe that in order to maximize value and preserve jobs, the sale of the Purchased Assets pursuant to the Sale Transaction must be consummated as soon as practicable. Accordingly, the Debtors request that the Bidding Procedures Order and the Sale Order be effective immediately upon entry of each such order and that the 14-day stay periods under Bankruptcy Rules 6004(h) and 6006(d) be waived.

[8] Section 365(f)(1) provides in part that, "notwithstanding a provision in an executory contract or unexpired lease of the debtor, or in applicable law, that prohibits, restricts, or conditions the assignment of such contract or lease, the trustee may assign such contract or lease…" 11 U.S.C. § 365(f)(1). Section 365(f)(3) further provides that "Notwithstanding a provision in an executory contract or unexpired lease of the debtor, or in applicable law that terminates or modifies, or permits a party other than the debtor to terminate or modify, such contract or lease or a right or obligation under such contract or lease on account of an assignment of such contract or lease, such contract, lease, right, or obligation may not be terminated or modified under such provision because of the assumption or assignment of such contract or lease by the trustee." 11 U.S.C. § 365(f)(3).

Notice

54. Notice of this Motion has been provided to (i) the Office of the United States Trustee for Region 2; (ii) the holders of the four largest secured claims against the Debtors (on a consolidated basis); (iii) the holders of the 20 largest unsecured claims against the Debtors (on a consolidated basis); (iv) counsel for Wells Fargo Capital Finance, LLC, as agent and lender under that certain Loan and Security Agreement, dated as of July 15, 2011 (as modified, supplemented, or amended from time to time, the "**ABL Credit Agreement**"); (v) counsel for Cortland Capital Market Services LLC, as agent under that certain Amended and Restated Loan and Security Agreement, dated July 12, 2016 (as thereafter amended or modified from time to time, the "**Term Loan Credit Agreement**"); (vi) counsel to the Stalking Horse Bidder; (vii) counsel for the DIP Lenders (as defined in the Makuch Declaration); (viii) the Unions (as defined in the Debtors' *Motion of Debtors Pursuant to 11 U.S.C. §§ 105(a), 363 and 507(a) for Interim and Final Authority to (I) Pay Certain Prepetition Wages and Reimbursable Employee Expenses, (II) Pay and Honor Employee Medical and Other Benefits, and (III) Continue Employee Benefits Programs, and for Related Relief*, filed contemporaneously herewith) and their counsel, if any; (ix) the Securities and Exchange Commission; (x) the Internal Revenue Service; (xi) the United States Attorney's Office for the Southern District of New York; (xii) counsel to the Stalking Horse Bidder; (xiii) all parties that have requested notice in these chapter 11 cases pursuant to Bankruptcy Rule 2002; (xiv) all entities known or reasonably believed to have asserted any lien, claim, encumbrance, or other interest in the Purchased Assets; and (xv) all parties to the Purchased Contracts. The Debtors submit that, in view of the facts and circumstances, such notice is sufficient and no other or further notice need be provided.

55. No previous request for the relief sought herein has been made by the Debtors to this or any other court.

WHEREFORE the Debtors respectfully request that the Court grant the relief requested herein and such other and further relief as is just.

Dated: April 3, 2017
New York, New York

/s/ Matthew S. Barr____________________

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Proposed Counsel for Debtors
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Exhibit A

Bidding Procedures Order

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	**Chapter 11**
	:	
ANGELICA CORPORATION, *et al.*,	:	**Case No. 17-10870 (JLG)**
	:	
Debtors.[1]	:	**(Jointly Administered)**
	:	

ORDER APPROVING (A) BIDDING PROCEDURES, (B) STALKING HORSE ASSET PURCHASE AGREEMENT AND BID PROTECTIONS, (C) FORM AND MANNER OF NOTICE OF AUCTION, SALE TRANSACTION, AND SALE HEARING, (D) ASSUMPTION AND ASSIGNMENT PROCEDURES, AND (E) DATE FOR AUCTION, IF NECESSARY, AND SALE HEARING

Upon the motion (the "**Sale Motion**")[2] of Angelica Corporation and its affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the "**Debtors**" or "**Angelica**"), pursuant to sections 105, 363, and 365, 503, and 507 of title 11 of the United States Code (the "**Bankruptcy Code**"), Rules 2002, 6004, 6006, and 9014 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), and Rules 6004-1 and 6006-1 of the Local Bankruptcy Rules for the United States Bankruptcy Court for the Southern District of New York (the "**Local Rules**"), for an order (i) approving (a) the Bidding Procedures attached hereto as **Exhibit 1**, (b) the Bid Protections granted to the Stalking Horse Bidder as provided in that certain Asset Purchase Agreement (together with the exhibits thereto, and as may be amended, modified, or supplemented from time to time in accordance with the terms thereof, the "**Stalking Horse APA**"), dated as of April 3, 2017, attached to the Sale Motion as **Exhibit B**, (c) the form

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Clothesline Holdings, Inc. (1081); Angelica Corporation (5260); Angelica Textile Services, Inc.–NY (6508); Royal Institutional Services, Inc. (8906); and Angelica Textile Services, Inc.–CA (5010). The location of the Debtors' corporate headquarters is 1105 Lakewood Parkway, Suite 210, Alpharetta, Georgia 30009.

[2] Capitalized terms utilized but not defined herein shall have the meanings given them in the Sale Motion, the Stalking Horse APA, or the Bidding Procedures, as applicable.

and manner of notice of the Auction, Sale Transaction, and Sale Hearing, (d) the Assumption and Assignment Procedures, including the procedures for determining cure costs, and (e) a date for the Auction and Sale Hearing (collectively, the "**Bidding and Auction Process**"); and (ii) authorizing (a) the sale of the Purchased Assets, as defined and identified in the Stalking Horse APA, free and clear of all liens, claims, encumbrances, and other interests pursuant to section 363(f) of the Bankruptcy Code and (b) the assumption and assignment of certain executory contracts and unexpired leases (the "**Purchased Contracts**") ((a) and (b) collectively, the "**Sale Transaction**"), all as more fully described in the Sale Motion; and this Court having jurisdiction to consider the Sale Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order of Reference M-431, dated January 31, 2012 (Preska, C.J.); and consideration of the Sale Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and notice of the Sale Motion having been given as provided in the Sale Motion, and such notice having been adequate and appropriate under the circumstances; and it appearing that no other or further notice need be provided; and any objections to the requested relief having been withdrawn or overruled on their merits; and this Court having held a hearing to consider the relief requested in the Sale Motion as to the Bidding and Auction Process (the "**Hearing**"); and all of the proceedings had before this Court; and this Court having reviewed the Sale Motion, the Makuch Declaration, and the Jordan Declaration filed in support of the Sale Motion; and this Court having found and determined that the relief sought in the Sale Motion as to the Bidding and Auction Process is in the best interests of the Debtors, their estates, creditors, and all parties in interest, and that the legal and factual bases set forth in the Sale Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is hereby

FOUND AND DETERMINED THAT:[3]

A. This Court has jurisdiction to hear and determine the Sale Motion and to grant the relief requested herein with respect to the Bidding and Auction Process pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

B. The statutory and legal predicates for the relief requested in the Sale Motion are sections 105, 363, 365, 503, and 507 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004, 6006, and 9014.

C. Good and sufficient notice of the Sale Motion, the Bidding and Auction Process, and the relief sought in the Sale Motion has been given under the circumstances, and no other or further notice is required except as set forth herein and in the Bidding Procedures. A reasonable opportunity to object or be heard regarding the relief provided herein has been afforded to parties in interest.

D. The Debtors and their advisors, Houlihan Lokey Capital, Inc., engaged in a robust and extensive marketing and sale process before the Commencement Date, to solicit and develop the highest or best offer for the Purchased Assets.

E. KKR Credit Advisors (US) LLC, on behalf of certain of its affiliates and managed funds and accounts ("**KKR Credit**"), a prepetition lender under the Term Loan Credit Agreement (as defined below), through its affiliate, 9W Halo Holdings L.P. ("**Halo**" and,

[3] The findings and conclusions set forth herein constitute this Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

together with KKR Credit, "**KKR**"), submitted a bid, which bid includes a credit bid component on account of a portion of KKR's prepetition debt (the "**Credit Bid Amount**"), for the Purchased Assets as reflected in the Stalking Horse APA (the "**Stalking Horse Bid**"), which Stalking Horse Bid represents the highest or best offer the Debtors have received to purchase the Purchased Assets.

F. Halo shall act as the "**Stalking Horse Bidder**" under the Stalking Horse APA, and be subject to higher or better offers in accordance with the Bidding Procedures.

G. Pursuit of the Stalking Horse Bidder as a "stalking-horse" bidder and its Stalking Horse APA as a "stalking-horse" sale agreement is in the best interests of the Debtors and the Debtors' estates and creditors, and it reflects a sound exercise of the Debtors' business judgment. The Stalking Horse APA provides the Debtors with the opportunity to sell the Purchased Assets in order to preserve and realize their going concern value. Without the Stalking Horse APA, the Debtors would likely realize a lower price for the Purchased Assets; and, therefore, the contributions of the Stalking Horse Bidder to the process have indisputably provided a substantial benefit to the Debtors and their estates and creditors. The Stalking Horse APA will enable the Debtors to continue their operations, preserve jobs, minimize disruption to the Debtors' business, and secure a fair and adequate baseline price for the Purchased Assets at the Auction and, accordingly, will provide a clear benefit to the Debtors' estates, their creditors, and all other parties in interest.

H. The Bid Protections, including, but not limited to, the Expense Reimbursement (as such term is defined in the Stalking Horse APA) (i) have been negotiated by the Stalking Horse Bidder and the Debtors and their respective advisors at arms' length and in good faith and (ii) are necessary to ensure that the Stalking Horse Bidder will continue to pursue the Stalking Horse APA and the Sale Transaction. The Expense Reimbursement, to the extent payable under the Stalking Horse APA, (a) is (x) an actual and necessary cost and expense of preserving the Debtors' estates within the meaning of section 503(b) of the Bankruptcy Code and (y) shall be treated as an allowed administrative expense claim against the Debtors' estates pursuant to sections 105(a), 503(b), and 507(a)(2) of the Bankruptcy Code, (b) is commensurate to the real and material benefits conferred upon the Debtors' estates by the Stalking Horse Bidder, and (c) is fair, reasonable, and appropriate, including in light of the size and nature of the Sale Transaction, the necessity to announce a sale transaction for the Purchased Assets at the outset of these chapter 11 cases, and the efforts that have been and will be expended by the Stalking Horse Bidder. The Bid Protections, including, but not limited to, the Expense Reimbursement, are a material inducement for, and condition of, the Stalking Horse Bidder's execution of the Stalking Horse APA. Unless it is assured that the Bid Protections, including, but not limited to, the Expense Reimbursement, will be available, the Stalking Horse Bidder is unwilling to remain obligated to consummate the Sale Transaction or otherwise be bound under the Stalking Horse APA (including the obligations to maintain its committed offer while such offer is subject to higher or better offers as contemplated by the Bidding Procedures).

I. The Debtors have articulated good and sufficient business reasons for this Court to approve (i) the Bidding Procedures, (ii) the Assumption and Assignment Procedures, (iii) the Bid Protections, including, but not limited to, the Expense Reimbursement (to the extent payable under the Stalking Horse APA), and (iv) the form and manner of notice of the Auction and Sale Hearing for the Sale Transaction.

J. The Bidding Procedures were negotiated in good faith and at arms' length and are reasonably designed to promote participation and active bidding and ensure that the highest or best value is generated for the Purchased Assets.

K. The Stalking Horse Bidder is not an "insider" or "affiliate" of any of the Debtors, as those terms are defined in section 101 of the Bankruptcy Code, and no common identity of incorporators, directors, or controlling stockholders exists between the Stalking Horse Bidder and the Debtors. The Stalking Horse Bidder and its advisors have acted in "good faith" within the meaning of section 363(m) of the Bankruptcy Code in connection with the Stalking Horse Bidder's negotiation of its Bid Protections and the Bidding Procedures and the Stalking Horse Bidder's negotiation and entry into the Stalking Horse APA.

L. The Assumption and Assignment Procedures, including notice of proposed cure costs, are reasonable and appropriate and consistent with section 365 of the Bankruptcy Code and Bankruptcy Rule 6006. The Assumption and Assignment Procedures have been tailored to provide an adequate opportunity for all non-Debtor parties to the Purchased Contracts to raise any objections to the proposed assumption and assignment or to the cure costs.

M. The Sale Notice is appropriate and reasonably calculated to provide all interested parties with timely and proper notice of the Bidding Procedures, the Assumption and Assignment Procedures, the Auction, the Sale Hearing, and the Sale Transaction (including the sale of the Purchased Assets (as set forth under the Stalking Horse APA) free and clear of any liens, claims, encumbrances, or interests pursuant to section 363(f) of the Bankruptcy Code) (with such liens, claims, encumbrances or interests attaching to the proceeds of any such sale), and any and all objection deadlines related thereto, and no other or further notice shall be required for the Sale Motion, the Sale Transaction, or the assumption and assignment of the Purchased Contracts except as expressly required herein.

N. Nothing contained herein shall prejudice or impair the right to credit bid, as set forth in the Bidding Procedures (and subject to the terms of the Intercreditor Agreement, as such term is defined in the Bidding Procedures) of (i) Wells Fargo Capital Finance, LLC ("**Wells Fargo**"), (a) as agent and lender under that certain DIP Agreement (in such capacity, the "**DIP Lender**") and (b) as agent and lender under that certain Loan and Security Agreement, dated as of July 15, 2011 (as modified, supplemented, or amended from time to time, the "**ABL Credit Agreement**"), (ii) Regions Bank, (a) as lender under that certain DIP Agreement and (b) as co-collateral agent and lender under the ABL Credit Agreement, (iii) Cortland Capital Market Services LLC, as agent under that certain Amended and Restated Loan and Security Agreement, dated July 12, 2016 (as thereafter amended or modified from time to time, the "**Term Loan Credit Agreement**"), and (iv) GACP Finance Co., LLC, as lender under the Term Loan Credit Agreement, on such assets that are subject to their respective liens in their respective priorities. Nor shall anything contained herein prejudice or impair the right of the Stalking Horse Bidder to (i) increase the Credit Bid Amount as a lender under the Term Loan Agreement, as set forth in, and subject to the terms of, the Stalking Horse APA or (ii) credit bid as a lender under any debtor-in-possession financing.

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is granted to the extent set forth herein.

2. All objections to the relief granted herein that have not been withdrawn with prejudice, waived, or settled, and all reservations of rights included in such objections, hereby are overruled and denied on the merits with prejudice.

Notice of Sale Transaction

3. The Sale Notice and the Publication Sale Notice, substantially in the forms annexed hereto as **Exhibit 2** and **Exhibit 3**, respectively, are approved.

4. All parties in interest shall receive or be deemed to have received good and sufficient notice of (i) the Sale Motion, (ii) the Assumption and Assignment Procedures, including the proposed assumption and assignment of the Purchased Contracts to the Stalking Horse Bidder pursuant to the Stalking Horse APA or to a Successful Bidder other than the Stalking Horse Bidder, (iii) the Auction, (iv) the Sale Transaction, including the sale of the Purchased Assets (as set forth under the Stalking Horse APA) free and clear of all liens, claims, encumbrances, and other interests, and (v) the Sale Hearing, and no further notice of the foregoing shall be required, if:

(a) As soon as practicable, but no later than three (3) days[4] after entry of this Order, the Debtors cause the Sale Notice to be filed with this Court and served by email, mail, facsimile, or overnight delivery on: (i) counsel for the Stalking Horse Bidder; (ii) all Persons known by the Debtors to have expressed an interest to the Debtors in a transaction with respect to the Purchased Assets in whole or in part during the past twelve (12) months; (iii) all entities known by the Debtors to have asserted any lien, claim, encumbrance, or other interest in the Purchased Assets (for whom identifying information and addresses are available to the Debtors); (iv) all non-Debtor parties to the Purchased Contracts (for whom identifying information and addresses are available to the Debtors); (v) any Governmental Body (as defined in the Stalking Horse APA) known to have a claim in the above-captioned chapter 11 cases; (vi) the United States Attorney for the Southern District of New York; (vii) the Office of the Attorney General in each state in which the Debtors operate; (viii) the Office of the Secretary of State in each state in which the Debtors operate

[4] All reference to "days" shall be calendar day, unless expressly noted.

or are organized; (ix) the multiemployer pension plans to which any of the Debtors is a contributing employer and the single employer defined benefit plans to which any Debtor is a contributor; (x) the labor unions that represent employees of any Debtor; (xi) the Federal Trade Commission; (xii) the United States Attorney General/Antitrust Division of Department of Justice; (xiii) the Debtors' known creditors (for whom identifying information and addresses are available to the Debtors); (xiv) all local environmental enforcement agencies; (xv) the United States Environmental Protection Agency; and (xvi) all other Persons requesting notice under Bankruptcy Rule 2002 or as directed by this Court (for whom identifying information and addresses are available to the Debtors); and

(b) As soon as practicable, but no later than seven (7) days after entry of this Order, the Debtors cause the Publication Sale Notice to be published on the website of the Debtors' claims and noticing agent and once in each *The New York Times*, national edition, and *The Wall Street Journal*.

Bidding Procedures and Auction

5. The Bidding Procedures, attached hereto as **Exhibit 1**, are fully incorporated herein and approved, and shall apply with respect to any bids for, and the auction and sale of, the Purchased Assets set forth under the Stalking Horse APA. The procedures and requirements set forth in the Bidding Procedures, including those associated with submitting a Qualified Bid, are fair, reasonable and appropriate, and are designed to maximize recoveries for the benefit of the Debtors' estates, creditors and other parties in interest. The Debtors are authorized to take all actions, including incurring and paying costs and expenses as are necessary or appropriate to implement the Bidding Procedures.

6. The deadline for submitting Qualified Bids (the "**Bid Deadline**") is **May 29, 2017 at 4:00 p.m. (Eastern Time)**. Any party that does not submit a Qualified Bid by the Bid Deadline in accordance with the Bidding Procedures will not be allowed to (i) submit any offer after the Bid Deadline or (ii) participate in the Auction. The Stalking Horse Bidder is a Qualified Bidder and the bid reflected in the Stalking Horse APA is a Qualified Bid for all purposes and requirements pursuant to the Bidding Procedures.

7. All bidders submitting a Qualified Bid are deemed to have submitted to the exclusive jurisdiction of this Court with respect to all matters related to the Auction and the terms and conditions of the sale or transfer of the Purchased Assets.

8. If the Stalking Horse Bidder's bid, as reflected in the Stalking Horse APA, is the only Qualified Bid in respect of the Purchased Assets that is received by the Debtors by the Bid Deadline, no Auction will be conducted for the Purchased Assets, and the Stalking Horse Bidder will be the Successful Bidder for the Purchased Assets. In such circumstances, the Debtors shall notify the Court and promptly seek approval of the Stalking Horse APA.

9. To qualify as a Qualified Bid, each such bid must be accompanied by information supporting the bidder's ability to comply with the requirements of adequate assurance of future performance under section 365(f)(2)(B) and, if applicable, section 365(b)(3) of the Bankruptcy Code (the "**Adequate Assurance Information**"), including the bidder's financial wherewithal and willingness to perform under any contracts that will be assumed and assigned to such bidder. In addition to the other requirements of a Qualified Bid as set forth in the Bidding Procedures, each such bid must be accompanied by a written statement confirming that (i) the bidder has not engaged in any collusion with respect to the submission of any bid, the bidding, or the Auction and (ii) its Qualified Bid is a good faith bona fide offer that it intends to consummate if selected as the Successful Bidder.

10. Subject to the rights of the Stalking Horse Bidder under the Stalking Horse APA, the Bidding Procedures, and this Order, the Debtors shall have the right as they may reasonably determine to be in the best interests of their estates to carry out the Bidding Procedures, including, without limitation, to: (i) determine which bidders are Qualified Bidders; (ii) determine which bids are Qualified Bids; (iii) determine which Qualified Bid is the Baseline

Bid; (iv) determine which bids are the Successful Bid and Back-Up Bid, each as it relates to the Auction; (v) reject any bid that is (a) inadequate or insufficient, (b) not in conformity with the requirements of the Bidding Procedures or the requirements of the Bankruptcy Code, or (c) contrary to the best interests of the Debtors and their estates; (vi) adjourn or cancel the Auction and/or the Sale Hearing in open court without further notice or as provided in the Bidding Procedures; (vii) modify the Bidding Procedures consistent with their fiduciary duties and bankruptcy law; and (viii) withdraw the Sale Motion at any time with or without prejudice. In no event may the Debtors extend the timeframes or deadlines set forth in the Stalking Horse APA or the Bidding Procedures, or otherwise extend or enlarge the Stalking Horse Bidder's obligations thereunder without the consent of the Stalking Horse Bidder (such consent not to be unreasonably withheld).

11. The Debtors, in consultation with the Consultation Parties (as defined in the Bidding Procedures), shall identify those bids that qualify as Qualified Bids (each bidder that submits such a Qualified Bid being a "**Qualified Bidder**"), determine which Qualified Bid shall serve as the Baseline Bid at the Auction, and inform the Qualified Bidders of the Baseline Bid by **May 30, 2017 at 5:00 p.m. (Eastern Time).** If more than one Qualified Bid is timely received, the Auction shall be conducted at the offices of Weil, Gotshal & Manges LLP; 767 Fifth Avenue, New York, New York 10153, on **June 5, 2017 at 10:00 a.m. (Eastern Time**). Copies of the Baseline Bid shall be provided to all of the Qualified Bidders (including the Stalking Horse Bidder) and each of the Consultation Parties prior to the start of the Auction. All proceedings at the Auction shall be transcribed.

Sale Hearing and Sale Objection Deadline

12. If more than one Qualified Bid is received for the Purchased Assets and the Auction is held, the Sale Hearing shall be held before this Court on **June [12], 2017 at ___ _.m. (Eastern Time).** If the bid of the Stalking Horse Bidder, as reflected in the Stalking Horse APA, is the only Qualified Bid received for the Purchased Assets, the Sale Hearing shall be held before this Court on **June [1], 2017 at ___ _.m. (Eastern Time)**. At the Sale Hearing, the Debtors will seek entry of the Sale Order. The Debtors may (after consultation with the Consultation Parties and the Stalking Horse Bidder or, if the Auction is held, the Successful Bidder and the Consultation Parties) seek an adjournment of the Sale Hearing as the Debtors deem appropriate in the exercise of their reasonable business judgment.

13. The Successful Bidder (which may be the Stalking Horse Bidder) shall appear at the Sale Hearing and be prepared, if necessary, to have a representative(s) testify in support of the Successful Bid and the Successful Bidder's ability to close in a timely manner and provide adequate assurance of its future performance under any and all executory contracts and unexpired leases to be assumed and assigned as part of the proposed Sale Transaction.

14. Objections to the Sale Transaction and entry of the Sale Order (other than objections to the provision of adequate assurance of future performance by a Successful Bidder other than the Stalking Horse Bidder) (each, a "**Sale Objection**") must: (i) be in writing and specify the nature of such objection; (ii) comply with the Bankruptcy Rules and the Local Rules; and (iii) be filed with this Court and served on (a) counsel to the Debtors, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Matthew S. Barr, Esq. and Kevin Bostel, Esq.), (b) counsel to the official committee of unsecured creditors appointed in these chapter 11 cases, if any, (c) counsel to the Stalking Horse Bidder, Paul, Weiss, Rifkind,

Wharton & Garrison LLP, 1285 6th Ave, New York, NY 10019 (Attn: Brian S. Hermann, Esq. and Lauren Shumejda, Esq.), and (d) counsel to Wells Fargo, as (1) as DIP Lender and (2) as agent and lender under the ABL Credit Agreement, Greenberg Traurig LLP, 333 Piedmont Road NE, Suite 2500, Atlanta, GA 30305 (Attn: David B. Kurzweil, Esq. and Michael G. Leveille, Esq.), (e) counsel to Cortland Capital, as agent under the Term Loan Credit Agreement, Holland & Knight LLP, 131 South Dearborn Street, 30th Floor, Chicago, IL 60603 (Attn: Joshua Spencer, Esq. and Renee P. Lewis, Esq.) (collectively, the "**Objection Notice Parties**") by **May 25, 2017 at 4:00 p.m. (Eastern Time**). All Sale Objections will be heard by this Court at the Sale Hearing.

15. The failure of any objecting person or entity to timely file and serve a Sale Objection shall be a bar to the assertion, at the Sale Hearing or thereafter, of any objection to the Sale Motion, or to the consummation and performance of the Sale Transaction contemplated by the Stalking Horse APA or, if the Auction is held, any purchase agreement with the Successful Bidder, including the transfer of the Purchased Assets to the Stalking Horse Bidder or the Successful Bidder, free and clear of all liens, claims, encumbrances, and other interests pursuant to section 363(f) of the Bankruptcy Code.

Assumption and Assignment Procedures

16. The Assumption and Assignment Procedures are reasonable and appropriate under the circumstances, fair to all non-Debtor parties, comply in all respects with the Bankruptcy Code, and are approved.

17. As soon as practicable, but not later than **three (3)** days after the entry of this Order, the Debtors shall file with this Court and serve by first class mail on each non-Debtor party to the Purchased Contracts a notice (the "**Cure Notice**," the form of which is attached

hereto as **Exhibit 4**) that shall: (i) provide a description of each such Purchased Contract, (ii) state the amount, if any, that the Debtors believe are necessary to cure, or compensate the non-Debtor party for, any and all defaults under such Purchased Contract pursuant to section 365 of the Bankruptcy Code (the "**Cure Costs**"); (iii) notify the non-Debtor party that such party's contract or lease may be assumed and assigned to a purchaser of the Purchased Assets; (iv) state the date of the Sale Hearing and that any unresolved objections to any Cure Costs or to assumption and assignment will be heard at the Sale Hearing or such later date as the Debtors and the Stalking Horse Bidder or, if the Auction is held, the Successful Bidder, may, in consultation with the Consultation Parties, determine, in accordance with this Order; and (v) state the appropriate deadline by which the non-Debtor party must file an objection to the Cure Costs or assumption and assignment of the Purchased Contracts. Upon service of the Cure Notice, all non-Debtor parties to the Purchased Contracts shall receive or be deemed to have received good and sufficient notice of the Cure Costs for, and the proposed assumption and assignment of, the Purchased Contracts. As soon as practicable, but not later than three (3) days after the entry of this Order, the Debtors shall also post a copy of the Cure Notice on the website for these chapter 11 cases maintained by the Debtors' claims and noticing agent.

18. The Cure Notice is hereby approved. It is reasonably calculated to provide sufficient notice to the non-Debtor parties to the Purchased Contracts of the Debtors' intent to assume and assign the Purchased Contracts in connection with the Sale Transaction and constitutes adequate notice thereof.

19. All Objections to any proposed Cure Costs (each, a "**Cure Objection**") and to the provision of adequate assurance of future performance (each, an "**Adequate Assurance Objection**") must: (i) be in writing; (ii) comply with the Bankruptcy Rules and the

Local Rules; (iii) with respect to a Cure Objection, state with specificity what Cure Costs the objecting party believes are required; and (iv) be filed with this Court and served on the Objection Notice Parties.

20. Any Cure Objection or Adequate Assurance Objection in respect of a Purchased Contract must be filed and served by **May 25, 2017 at 4:00 p.m. (Eastern Time**); *provided* that if a Successful Bidder other than the Stalking Horse Bidder prevails at the Auction, then (i) the deadline to file and serve an Adequate Assurance Objection in respect of a Purchased Contract shall be extended to two (2) days prior to the Sale Hearing and (ii) as soon as possible after the conclusion of the Auction, the Debtors shall file with this Court a notice that identifies the Successful Bidder and provides notice that the Debtors will seek to assume and assign the Purchased Contracts to the Successful Bidder.

21. If a timely Cure Objection or Adequate Assurance Objection is received and such objection cannot otherwise be resolved by the parties, such objection shall be heard at the Sale Hearing or such later date as the Debtors and the Stalking Horse Bidder or, if the Auction is held, the Successful Bidder, may, in consultation with the Consultation Parties, determine.

22. To the extent the Debtors identify, at any time after the Cure Notice is served, additional Purchased Contracts to be assumed and assigned to the Stalking Horse Bidder or, if the Auction is held, the Successful Bidder, the Debtors shall file with this Court and serve by first class mail on the non-Debtor party to such Purchased Contract a supplemental Cure Notice (each, a "**Supplemental Cure Notice**," the form of which shall be identical to the form of Cure Notice attached hereto as Exhibit 4); *provided* that a Supplemental Cure Notice shall be served at least ten (10) days prior to any scheduled closing of the Sale Transaction.

23. If a Supplemental Cure Notice is served by May 18, 2017, the objection deadlines and hearing schedule in connection with the Cure Notice, as set forth above, shall apply to any Cure Objection or Adequate Assurance Objection in respect of a Purchased Contract identified in such Supplemental Cure Notice. To the extent a Supplemental Cure Notice is served after May 18, 2017, any related Cure Objection or Adequate Assurance Objection must be filed and served within seven (7) days after service of the Supplemental Cure Notice. If such a Cure Objection or Adequate Assurance Objection is timely received and cannot otherwise be resolved by the parties, the Debtors may, in their discretion (after consultation with the Consultation Parties and the Stalking Horse Bidder or, if the Auction is held, the Successful Bidder and the Consultation Parties), schedule an emergency hearing to hear such objection prior to any scheduled closing of the Sale Transaction.

24. If no timely Cure Objection is filed and served in respect of a Purchased Contract, the Cure Cost identified on the Cure Notice or a Supplemental Cure Notice, as applicable, will be the only amount necessary under section 365(b) of the Bankruptcy Code to cure all defaults under such Purchased Contract. Any party failing to timely file a Cure Objection shall be forever barred from objecting to the Cure Costs and from asserting any additional cure or other amounts against the Debtors, their estates, the Stalking Horse Bidder or, if the Auction is held, the Successful Bidder. If no timely Adequate Assurance Objection is filed and served with respect to a Purchased Contract, the Stalking Horse Bidder or, if the Auction is held, the Successful Bidder, will be deemed to have provided adequate assurance of future performance for such Purchased Contract in accordance with section 365(f)(2)(B) of the Bankruptcy Code. If no timely Cure Objection or Adequate Protection Objection is filed and served with respect to a Purchased Contract, the non-Debtor party to such Purchased Contract

shall be deemed to have consented to the assumption and assignment of the Purchased Contract to the Stalking Horse Bidder or, if the Auction is held, the Successful Bidder.

25. The Debtors' assumption and assignment of the Purchased Contracts to the Successful Bidder is subject to approval of this Court and the consummation of the Sale Transaction. Accordingly, absent the closing of such sale, the Purchased Contracts shall not be deemed assumed or assigned, and shall in all respects be subject to further administration under the Bankruptcy Code.

26. The inclusion of a contract or other document or Cure Cost on the Cure Notice or any Supplemental Cure Notice shall not constitute or be deemed a determination or admission by the Debtors, the Stalking Horse Bidder, or any other party in interest that such contract or other document is an executory contract or unexpired lease within the meaning of the Bankruptcy Code or that the stated Cure Cost is due (all rights with respect thereto being expressly reserved). The Debtors reserve all of their rights, claims, defenses, and causes of action with respect to each contract or other document listed on the Cure Notice or any Supplemental Cure Notice. The Debtors' inclusion of an executory contract or unexpired lease on the Cure Notice or any Supplemental Cure Notice shall not be a guarantee that such executory contract or unexpired lease ultimately will be assumed or assumed and assigned.

27. The Debtors shall provide written notice to the parties to all Purchased Contracts that are ultimately assumed and assigned to the Successful Bidder of (i) such assumption and assignment and (ii) the identity of the Successful Bidder.

Stalking Horse APA and Bid Protections

28. The form of Stalking Horse APA is hereby approved. All of the Debtors' pre-closing obligations under the Stalking Horse APA are authorized as set forth herein;

provided that, for the avoidance of doubt, consummation of the Sale Transaction contemplated by the Stalking Horse APA shall be subject to entry of the Sale Order and the satisfaction or waiver of the other conditions to closing on the terms set forth in the Stalking Horse APA.

29. The Bid Protections are approved in their entirety, including, without limitation, the Expense Reimbursement payable in accordance with, and subject to the terms of, the Stalking Horse APA, which such Expense Reimbursement shall be the Stalking Horse Bidder's reasonable and documented expenses up to an aggregate amount of $750,000. Except as expressly provided for herein, no other termination payments are authorized or permitted under this Order.

30. The Debtors are authorized and directed to pay the Expense Reimbursement, to the extent payable under the Stalking Horse APA, without further order of this Court. The Expense Reimbursement, to the extent payable under the Stalking Horse APA, shall constitute an allowed administrative expense claim against the Debtors' estates pursuant to sections 105(a), 503(b) and 507(a)(2) of the Bankruptcy Code.

General Provisions

31. All persons or entities (whether or not Qualified Bidders) that participate in the bidding process shall be deemed to have knowingly and voluntarily (i) consented to the entry of a final order by this Court in connection with the Sale Motion to the extent that it is later determined that this Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution and (ii) waived any right to jury trial in connection with any disputes relating to the any of the foregoing matters.

32. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 6006(d), 7062, 9014, or any applicable provisions of the Local Rules or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry, and no automatic stay of execution shall apply to this order.

33. The requirements set forth in Local Rules 6004-1, 9006-1, and 9013-1 are hereby satisfied or waived.

34. This Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order

Dated: ___________________, 2017
New York, New York

____
UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

Bidding Procedures

BIDDING PROCEDURES

Overview

On April 3, 2017, Angelica Corporation and its affiliates, as debtors and debtors in possession (collectively, the "**Debtors**"), filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**") in the United States Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**").

The Debtors are seeking to sell all or substantially all of their assets for the highest or best offer. On [__], 2017, the Bankruptcy Court entered an order [Docket No. __] (the "**Bidding Procedures Order**"), which, among other things, authorized the Debtors to solicit bids and approved these procedures (the "**Bidding Procedures**") for the consideration of the highest or otherwise best price for all or substantially all of the Debtors' assets, on the terms and conditions set forth herein.

KKR Credit Advisors (US) LLC, on behalf of certain of its affiliates and managed funds and accounts ("**KKR Credit**"), a prepetition lender under the Term Loan Credit Agreement (as defined below), through its affiliate, 9W Halo Holdings L.P. ("**Halo**" and, together with KKR Credit, "**KKR**"), submitted a stalking horse bid (the "**Stalking Horse Bid**" and such bidder, the "**Stalking Horse Bidder**"), which bid includes a credit bid component on account of a portion of KKR's prepetition debt. The Stalking Horse Bidder has executed that certain Asset Purchase Agreement (together with the exhibits thereto, and as may be amended, modified, or supplemented from time to time in accordance with the terms thereof, the "**Stalking Horse APA**"),[1] dated as of April 3, 2017. The Stalking Horse APA contemplates, pursuant to the terms and subject to the conditions and purchase price adjustments contained therein, the sale of the Purchased Assets to the Stalking Horse Bidder in consideration of approximately $125 million, including (i) $17.4 million in the form of a credit bid of KKR's prepetition debt and (ii) cash and cash consideration,[2] plus the assumption of the Assumed Liabilities.

The Stalking Horse Bid is subject to higher or better offers submitted in accordance with the terms and conditions of these Bidding Procedures. These Bidding Procedures describe, among other things: (i) the procedures for bidders to submit bids for the Purchased Assets; (ii) the manner in which bidders and bids become Qualified Bidders and Qualified Bids (each as defined below); (iii) the negotiation of bids received; (iv) the conduct of the auction with respect to the Purchased Assets (the "**Auction**"); (v) the ultimate selection of the Successful Bidder (as defined below); and (vi) Bankruptcy Court approval of the sale of the Purchased Assets to the Successful Bidder at a hearing before the Honorable James L. Garrity

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[1] Capitalized terms used but not otherwise defined herein will have the meanings ascribed to them in the Stalking Horse APA.

[2] This cash consideration includes an amount sufficient to satisfy, among other things, (i) all obligations (a) secured by liens on the Purchased Assets that are senior to those held by KKR and (b) senior to KKR in payment priority, pursuant to that certain Agreement Among Lenders, dated as of July 12, 2016, and (ii) the Closing Cash Shortfall, which consists of cash provided by the Stalking Horse Bidder, up to a capped amount, that is needed to cover certain costs associated with the wind-down of the Debtors' bankruptcy estates after consummation of the sale transaction.

Jr., United States Bankruptcy Judge, at the United States Bankruptcy Court for the Southern District of New York, 1 Bowling Green, New York, New York 10004 (the "**Sale Hearing**").

The Debtors reserve the right, in their discretion and subject to the exercise of their business judgment, after consultation with the Consultation Parties (as defined below), to modify or terminate these Bidding Procedures, to waive terms and conditions set forth herein, to extend any of the deadlines or other dates set forth herein, to adjourn the Auction and/or Sale Hearing, and/or, subject to the terms of the Stalking Horse APA, to terminate discussions with any and all prospective acquirers and investors (except for the Stalking Horse Bidder) at any time and without specifying the reasons therefor, in each case without further notice but in each case to the extent not materially inconsistent with these Bidding Procedures and/or the Bidding Procedures Order; *provided* that nothing herein shall authorize the Debtors to unilaterally extend any date or deadlines set forth in the Stalking Horse APA or otherwise extend or enlarge the obligations of the Stalking Horse Bidder thereunder; and it being further understood that the Bidding Procedures and the Bidding Procedures Order must be in form and substance reasonably satisfactory to the Stalking Horse Bidder pursuant to the Stalking Horse APA.

Summary of Important Dates

May 8, 2017	• Deadline to Submit Non-Binding Indication of Interest
May 25, 2017 at 4:00 p.m. (ET)	• Deadline to Object to Sale Transaction / Deadline to Object to Assumption and Assignment of Purchased Contracts to Stalking Horse Bidder, Including Proposed Cure Costs[3]
May 29, 2017 at 5:00 p.m. (ET)	• Deadline to Submit Bids
June [1], 2017 at ___ _.m. (ET)	• Sale Hearing if no Qualified Bid other than Stalking Horse Bid received for Purchased Assets
June 2, 2017 at 5:00 p.m. (ET)	• Deadline for Debtors to Designate and Publish Baseline Bid
June 5, 2017 at 10:00 a.m. (ET)	• Auction, if necessary, to be conducted at the offices of Weil, Gotshal & Manges LLP; 767 Fifth Avenue, New York, New York 10153
June 7, 2017	• Deadline for Debtors to File and Serve Notice of Successful Bidder and Back-Up Bidder
June 10, 2017 at 4:00 p.m. (ET)	• Deadline to File Adequate Assurance Objection for Successful Bidder other than the Stalking Horse Bidder

[3] This objection deadline applies to all objections to the sale of the Purchased Assets, with the exception of objections related to adequate assurance of future performance by a Successful Bidder other than the Stalking Horse Bidder.

June 11, 2017 at 4:00 p.m. (ET)	• Debtors' Reply Deadline
June [12], 2017 at ___ _.m. (ET)	• Sale Hearing if Auction is Conducted

Non-Binding Indication of Interest Date

If you are interested in purchasing the Purchased Assets, you should contact the Debtors' advisors, Houlihan Lokey Capital, Inc. ("**Houlihan Lokey**"), by **no later than May 8, 2017** (the "**Indication of Interest Date**") in writing, expressing your interest in the Purchased Assets to Bradley Jordan and Brian McDonald of Houlihan Lokey (BJordan@HL.com and BMcdonald@HL.com).

Note that submitting an indication of interest by the Indication of Interest Date does not obligate you to submit a formal bid or to participate in the sale process and does not exempt you from also having to submit a Qualified Bid by the Bid Deadline in order to participate in the Auction, all as described below. For the avoidance of doubt, the submission of an indication of interest by the Indication of Interest Date is not a prerequisite for Potential Bidders to submit a Qualified Bid by the Bid Deadline.

Due Diligence

The Debtors have posted copies of all material documents related to the Purchased Assets to the Debtors' confidential electronic data room (the "**Data Room**"). To access the Data Room, a party must submit to the Debtors or their advisors:

(A) an executed confidentiality agreement in form and substance reasonably satisfactory to the Debtors (unless such party is already a party to an existing confidentiality agreement with the Debtors that is acceptable to the Debtors for this due diligence process, in which case such agreement shall govern, and such party must provide a statement extending the term of such agreement until July 2, 2017); and

(B) sufficient information, as reasonably determined by the Debtors, to allow the Debtors, in consultation with the Consultation Parties, to determine that the interested party has the financial wherewithal to close a sale for the Purchased Assets.

An interested party that meets the above requirements to the satisfaction of the Debtors, in consultation with the Consultation Parties, shall be a "**Potential Bidder**." As soon as practicable, the Debtors will provide such Potential Bidder access to the Data Room; *provided* that such access may be terminated by the Debtors in their discretion at any time for any reason whatsoever, after prior notice to, and in consultation with, the Consultation Parties, including that a Potential Bidder does not become a "Qualified Bidder" (as defined below) or these Bidding Procedures are terminated.

The Debtors shall keep the Consultation Parties reasonably informed of all interested parties that become Potential Bidders and the status of their due diligence.

Each Potential Bidder shall comply with all reasonable requests for information and due diligence access by the Debtors or their advisors regarding the ability of such Potential Bidder to consummate a sale transaction.

Until the Bid Deadline (as defined below), the Debtors will provide any Potential Bidder with reasonable access to the Data Room and any other additional information that the Debtors believe to be reasonable and appropriate under the circumstances. All additional due diligence requests shall be initially directed to: (i) Brandon Bleakley (BBleakley@HL.com) and David Cumming (DCumming@HL.com) of Houlihan Lokey; and (ii) Kevin Bostel (kevin.bostel@weil.com) and Joshua Apfel (joshua.apfel@weil.com) of Weil, Gotshal & Manges. The Debtors will simultaneously distribute to all Potential Bidders via the Data Room any additional diligence materials not previously available to other Potential Bidders. Unless otherwise determined by the Debtors, the availability of additional due diligence to a Potential Bidder will cease if (a) the Potential Bidder does not become a Qualified Bidder or (b) these Bidding Procedures are terminated.

Neither the Debtors nor any of their representatives shall be obligated to furnish any information of any kind whatsoever relating to the Purchased Assets to any person or entity who (i) is not a Potential Bidder, (ii) does not comply with the participation requirements set forth above, or (iii) in the case of competitively sensitive information, is a competitor of the Debtors.

Auction Qualification Procedures

Bid Deadline

A Potential Bidder that desires to make a bid on the Purchased Assets shall deliver electronic copies of its bid so as to be received no later than **May 29, 2017 at 5:00 p.m. (Eastern Time)** (the "**Bid Deadline**"); *provided* that the Debtors may, after consultation with the Consultation Parties, extend the Bid Deadline without further Order of the Bankruptcy Court subject to providing notice to all Potential Bidders. **The submission of a bid by the Bid Deadline shall constitute a binding and irrevocable offer to acquire the Purchased Assets.** Any party that does not submit a bid by the Bid Deadline will not be allowed to (i) submit any offer after the Bid Deadline or (ii) participate in the Auction.

Bids should be submitted by email to the following Debtor representatives:

Weil, Gotshal & Manges LLP
Angelicabids@weil.com

Gavin Westerman
gavin.westerman@weil.com

Matthew Barr
matt.barr@weil.com

Counsel to the Debtors shall promptly inform the Consultation Parties, including the Stalking Horse Bidder of all bids received and shall provide copies of all such bids to counsel to each of the Consultation Parties, except for counsel to the Stalking Horse Bidder, who shall receive summaries of the material terms of all such bids.

Form and Content of Qualified Bid

A bid is a signed document from a Potential Bidder received by the Bid Deadline that identifies the purchaser by its legal name (including any equity holders or other financial backers, if the Potential Bidder is an entity formed for the purpose of submitting bids or consummating a sale transaction), and any other party that will be participating in connection with the bid or the sale transaction, and includes, at a minimum, the following (a "**Bid**"):

(A) Finalized Agreement. In both PDF and MS-WORD format, an executed copy of an asset purchase agreement (the "**APA**") and a copy of same that has been marked against the Stalking Horse APA, a copy of which is located in the Data Room.

(B) Same or Better Terms. A statement that the applicable Potential Bidder offers to purchase the Purchased Assets, pursuant to a sale transaction that is no less favorable to the Debtors' estates, as the Debtors may reasonably determine, in consultation with the Consultation Parties, than the transactions contemplated in the Stalking Horse APA.

(C) Unconditional Offer. A statement that the Bid is formal, binding, and unconditional (except for those conditions expressly set forth in the APA) and is not subject to any due diligence or financing contingency and is irrevocable until the earlier of the first business day following the closing of the proposed sale transaction or the Outside Date (as such term is defined in the Stalking Horse APA), except as otherwise provided in these Bidding Procedures.

(D) Form of Consideration. Unless the Bid includes a credit bid (as described below), a statement confirming that the Bid is based on an all-cash offer; *provided* that any Bid that includes a credit bid shall also include a cash component sufficient to pay, and earmarked exclusively for payment of, the Expense Reimbursement, all obligations secured by senior liens on the Purchased Assets, and the Closing Cash Shortfall, and shall comply with that certain Intercreditor Agreement, dated as of August 20, 2013 (as amended by the Amendment No. 1 to Intercreditor

Agreement and Consent, dated as of July 12, 2016 and as the same may be further amended, restated, supplemented or otherwise modified from time to time) (the "**Intercreditor Agreement**"), including sections 3.3 and 3.5 thereof, to the extent applicable.

(E) Purchase Price; Minimum Bid. Each Bid submitted must (i) be a Bid for the Purchased Assets, (ii) exceed the Purchase Price (as such term is defined in the Stalking Horse APA) by the Minimum Overbid Amount and the Expense Reimbursement, and (iii) propose an alternative transaction that provides substantially similar or better terms than the Stalking Horse Bid.

(F) Employee and Labor Terms. A statement of proposed terms for unionized and non-unionized employees, which shall include, alternatively: (i) a statement that the Potential Bidder will assume the Collective Bargaining Agreements (as such term is defined in the Stalking Horse APA) to which the Debtors are a party without modification; or (ii) if the Potential Bidder will not assume all of the Debtors' Collective Bargaining Agreements without modification, a statement that the Potential Bidder will, in consultation with the Debtors, engage in good faith discussions with each of the affected unions to enter into new Collective Bargaining Agreements, and include a term sheet, which shall be attached to the APA, proposing post-closing work rules and conditions to be offered to unionized employees.

(G) Pension Plans. Each Bid must state whether or not the Potential Bidder intends to assume sponsorship, or participation pursuant to section 4204 of ERISA, of all or any of the potential liabilities associated with (i) the Angelica Corporation Pension Plan and (ii) all multiemployer pension plans to which the Debtors have an obligation to contribute, including the Legacy Plan of the National Retirement Fund, the Adjustable Plan of the National Retirement Fund, the National Pension Plan of the United Food & Commercial Workers International Union Pension Fund, the Pension Plan of the Western Conference of Teamsters Pension Fund, the Pension Plan of the New England Teamsters & Trucking Industry Pension Fund, the Pension Plan of the Local 731, International Brotherhood of Teamsters, Textile Maintenance and Laundry Craft Pension Fund, and the Pension Plan of the Upstate NY Bakery Drivers and Industry Pension Fund (collectively, the "**Pension Plans**"). If the Potential Bidder does not intend to assume sponsorship or liabilities of the Pension Plans in full, each Bid must state that they will attempt to engage in negotiations with each affected Pension Plan to settle any claim of withdrawal liability associated with such Pension Plans.

(H) Proof of Financial Ability to Perform. Each Bid must contain such financial and other information that allows the Debtors, after consultation with the Consultation Parties, to make a reasonable determination as to the Potential Bidder's financial and other capabilities to consummate the sale transaction, including, without limitation, such financial and other information setting forth adequate assurance of future performance in satisfaction of the requirements under section 365(f)(2)(B) and, if applicable, section 365(b)(3) of the Bankruptcy Code, and the

Potential Bidder's willingness to perform under any contracts that are assumed and assigned to such party. Without limiting the foregoing, such information must include current financial statements or similar financial information certified to be true and correct as of the date thereof, proof of financing commitments, if needed to close the transaction, contact information for verification of such information, including any financing sources, and any other information reasonably requested by the Debtors necessary to demonstrate that such Potential Bidder has the ability to close the sale transaction.

(I) Designation of Contracts and Leases. Each Bid must identify with particularity each and every executory contract and unexpired lease, the assumption and, as applicable, assignment of which is a condition to closing the sale transaction; *provided* that the APA may allow for the Potential Bidder to remove executory contracts and unexpired leases from the list of contracts to be assumed and assigned any time prior to the closing of the sale transaction; *provided further* that to the extent the Debtors identify any additional executory contracts or unexpired leases after the Bid is submitted, the APA may allow for the Potential Bidder to add such executory contracts and unexpired leases to the list of contracts to be assumed and assigned any time from and after the Bid is submitted as provided for in the Stalking Horse APA.

(J) Required Approvals. A statement or evidence (i) that the Potential Bidder has made or will make in a timely manner all necessary filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or other Antitrust Laws (as such term is defined in the Stalking Horse APA), as applicable, and pay the fees associated with such filings and (ii) of the Potential Bidder's plan and ability to obtain all governmental, regulatory, or other third-party approvals to operate the Debtors' business from and after closing the sale transaction and the proposed timing for the Potential Bidder to undertake the actions required to obtain such approvals. A Potential Bidder further agrees that its legal counsel will coordinate in good faith with Debtors' legal counsel to discuss and explain such Potential Bidder's regulatory analysis, strategy, and timeline for securing all such approvals as soon as reasonably practicable, and in no event later than the time period contemplated in the APA.

(K) No Entitlement to Expense Reimbursement or Other Amounts. A statement that the Bid does not entitle the Potential Bidder to any breakup fee, termination fee, expense reimbursement, or similar type of payment or reimbursement and a waiver of any substantial contribution administrative expense claim under section 503(b) of the Bankruptcy Code related to bidding for the Purchased Assets.

(L) Agreement to Terms of the Bidding Procedures. A statement that the Potential Bidder agrees to be bound by these Bidding Procedures.

A Potential Bidder must also accompany its Bid with: (M) a Deposit (as defined below); (N) the contact information of the specific person(s) whom the Debtors or their advisors should contact in the event that the Debtors have any questions or wish to discuss the Bid submitted by the Potential Bidder; (O) written evidence of available cash, a commitment for financing (not subject to any conditions other than those expressly set forth in the APA) and such other evidence of ability to consummate the transaction contemplated by the APA, as acceptable in the Debtors' business judgment; (P) a copy of a board resolution or similar document demonstrating the authority of the Potential Bidder to make a binding and irrevocable bid on the terms proposed and to consummate the transaction contemplated by the APA; (Q) a covenant to cooperate with the Debtors to provide pertinent factual information regarding the Potential Bidder's operations reasonably required to analyze issues arising with respect to any applicable Antitrust Laws and other applicable regulatory requirements; and (R) if the value of the Bid relative to the Stalking Horse APA includes additional non-cash components (such as fewer contingencies than are in the Stalking Horse APA), a detailed analysis of the value of any additional non-cash component of the Bid and back-up documentation to support such value.

Deposit

To qualify as a Qualified Bid (as defined below), each Bid must be accompanied by a good faith cash deposit in the amount of ten percent (10%) of the proposed purchase price (the "**Deposit**"), to be deposited, prior to the Bid Deadline, with an escrow agent selected by the Debtors (the "**Escrow Agent**") pursuant to an escrow agreement to be provided by the Debtors; *provided* that any Potential Bidder submitting a bid with a credit bid component pursuant to section 363(k) of the Bankruptcy Code shall not be required to submit a Deposit.

To the extent a Qualified Bid is modified before, during, or after the Auction, the Debtors reserve the right to require that such Qualified Bidder adjust its Deposit so that it equals ten percent (10%) of the proposed purchase price.

The requirements set forth in this "Deposit" section do not apply with respect to the Stalking Horse Bid or the Stalking Horse Bidder.

Review of Bids; Designation of Qualified Bids

The Debtors, in consultation with the Consultation Parties, will evaluate timely submitted Bids, and may engage in negotiations with Potential Bidders who submitted Bids as the Debtors deem appropriate in the exercise of their business judgment, based upon the Debtors' evaluation of the content of each Bid.

By no later than June 2, 2017 (the "**Qualified Bid Deadline**"), the Debtors shall determine, in their reasonable judgment, after consultation with the Consultation Parties, which of the Bids received by the Bid Deadline qualifies as a "**Qualified Bid**" (each Potential Bidder that submits such a Qualified Bid being a "**Qualified Bidder**"). The Debtors shall notify each Qualified Bidder of its status as a Qualified Bidder as promptly as possible following such determination.

The Stalking Horse Bidder is a Qualified Bidder and the Stalking Horse Bid is a Qualified Bid. Should it decide to credit bid, each of (i) Wells Fargo Capital Finance, LLC ("**Wells Fargo**"), (a) as agent and lender under that certain Loan and Security Agreement, dated as of July 15, 2011 (as modified, supplemented or amended from time to time, the "**ABL Credit**

Agreement") and (b) as agent and lender under that certain DIP Agreement (in such capacity, the "**DIP Lender**"), (ii) Regions Bank, (a) as co-collateral agent and lender under the ABL Credit Agreement and (b) as lender under that certain DIP Agreement, (iii) Cortland Capital Market Services LLC ("**Cortland**"), as agent under that certain Amended and Restated Loan and Security Agreement, dated July 12, 2016 (the "**Term Loan Credit Agreement**"), and (iv) GACP Finance Co., LLC ("**GACP**"), as lender under the Term Loan Credit Agreement, is a Qualified Bidder and any such credit bid will be considered a Qualified Bid to the extent such bid is received by the Bid Deadline, complies with the requirements set forth in these Bidding Procedures, complies with section 363(k) of the Bankruptcy Code, complies with sections 3.3(e) and 3.5(c) of the Intercreditor Agreement, and includes a cash component sufficient to pay, and earmarked exclusively for payment of, the Expense Reimbursement, all obligations secured by senior liens on the Purchased Assets, and the Closing Cash Shortfall.

The Debtors reserve the right to work with any Potential Bidder in advance of the Auction to cure any deficiencies in a Bid that is not initially deemed a Qualified Bid.

Without the written consent of the Debtors, a Qualified Bidder may not modify, amend, or withdraw its Qualified Bid, except for proposed amendments to increase the purchase price or otherwise improve the terms of the Qualified Bid for the Debtors, during the period that such Qualified Bid remains binding as specified herein; *provided* that any Qualified Bid may be improved at the Auction, as set forth in these Bidding Procedures.

Determination and Announcement of Baseline Bids and Qualified Bidders

In evaluating the Bids, the Debtors, in consultation with the Consultation Parties, shall also make a determination regarding which Qualified Bid is the highest or best Qualified Bid for the Purchased Assets and will therefore serve as the starting point at the Auction (the "**Baseline Bid**"). On or before June 2, 2017 at 5:00 p.m. (Eastern Time) (the "**Designation Deadline**"), the Debtors shall file a notice designating the Baseline Bid and publish such notice on the website of their claims and noticing agent and in the Data Room and/or distribute the same at the Auction. The Debtors shall also provide copies of such Baseline Bid to all of the Qualified Bidders (including the Stalking Horse Bidder) and each of the Consultation Parties.

Failure to Receive More Qualified Bids

If no Qualified Bid other than the one submitted by the Stalking Horse Bidder is received by the Bid Deadline, the Debtors will not conduct the Auction, and shall file and serve, by **May 30, 2017 at 4:00 p.m. (Eastern Time)**, a notice indicating that the Auction has been cancelled, that the Stalking Horse Bidder is the Successful Bidder, and that the Sale Hearing will be conducted on **June [1], 2017 at ___ _.m. (Eastern Time)**.

Except as provide in the Stalking Horse APA, nothing herein shall obligate the Debtors to consummate or pursue any transaction with a Qualified Bidder.

Sale Hearing and Sale Order

At a hearing before the Bankruptcy Court (the "**Sale Hearing**"), the Debtors will seek the entry of an order authorizing and approving, *inter alia*, the applicable sale transaction (the "**Sale Order**"). The Sale Order shall authorize and approve the applicable sale transaction:

(A) if no other Qualified Bid is received by the Debtors, to the Stalking Horse Bidder pursuant to the terms and conditions set forth in the Stalking Horse APA; or

(B) if the Auction is held, to the Successful Bidder or, if the Successful Bid is not timely consummated, to the Back-Up Bidder.

In the Debtors' discretion (after consultation with the Consultation Parties and the Stalking Horse Bidder or, if the Auction is held, the Successful Bidder and the Consultation Parties), the Sale Hearing may be adjourned or rescheduled without notice or with limited and shortened notice to parties, including by (i) an announcement of such adjournment at the Sale Hearing or at the Auction or (ii) the filing of a notice of adjournment with the Bankruptcy Court prior to the commencement of the Sale Hearing.

Auction Procedures

If there are two or more Qualified Bids, the Debtors will conduct the Auction on **June 5, 2017**, **beginning at 10:00 a.m. (Eastern Time) at the offices of Weil, Gotshal & Manges LLP; 767 Fifth Avenue, New York, New York 10153**. Only a Qualified Bidder will be eligible to participate at the Auction, subject to such limitations as the Debtors may impose in good faith. In addition, professionals and/or other representatives of (i) the Debtors, (ii) the Creditors' Committee (as defined below), if any, (iii) Wells Fargo, (a) as agent and lender under the ABL Credit Agreement and (b) as DIP Lender, (iv) Regions Bank, (a) as co-collateral agent and lender under the ABL Credit Agreement and (b) as lender under that certain DIP Agreement, and (v) Cortland, as agent under the Term Loan Credit Agreement, and (vi) GACP, as lender under the Term Loan Credit Agreement will be permitted to attend and observe the Auction.

At the Auction, Qualified Bidders (including the Stalking Horse Bidder) will be permitted to increase their bids. Bidding will start at the purchase price and terms proposed in the Baseline Bid, and will proceed thereafter in minimum increments of at least $1,000,000 (a "**Minimum Overbid Amount**"). The Debtors reserve the right to and may, after consultation with the Consultation Parties, increase or decrease the Minimum Overbid Amount at any time during the Auction. The Stalking Horse Bidder is authorized to increase its bid at the Auction, including with cash, cash equivalents, or other forms of consideration, including additional credit bid amounts. The Stalking Horse Bidder will also be entitled to a "credit" in the amount of the Expense Reimbursement to be counted towards its bid such that the cash, and other consideration proposed by the Stalking Horse Bidder plus the Expense Reimbursement "credit" must exceed the most recent bid by at least the Minimum Overbid Amount.

The Debtors may adopt rules for the Auction at any time that the Debtors, in consultation with the Consultation Parties, reasonably determine to be appropriate to promote a spirited and robust auction. At the start of the Auction, the Debtors shall describe the terms of the Baseline Bid. Any rules adopted by the Debtors will not unilaterally modify any of the terms of the Stalking Horse APA (as may be consensually modified at the Auction) without the consent of the Stalking Horse Bidder. Any rules developed by the Debtors will provide that all bids in the Auction will be made and received on an open basis, and all other bidders participating in the Auction will be entitled to be present for all bidding with the understanding that the true identity of each bidder placing a bid at the Auction will be fully disclosed to all other bidders participating in the Auction and that all material terms of each Qualified Bid submitted in response to the Baseline Bid or to any successive bids made at the Auction will be disclosed to all other bidders. Each Qualified Bidder will be permitted what the Debtors, in consultation with the Consultation Parties, reasonably determine to be an appropriate amount of time to respond to the previous bid at the Auction. The Auction will be conducted openly and shall be transcribed or recorded, and the Qualifying Bidders will be informed of the material terms of the previous bid.

In evaluating a Qualified Bid submitted at the Auction, the Debtors may consider, among other things and without limitation, the amount of cash to be paid or delivered, the speed and certainty of consummating a transaction, and any other relevant factor. Prior to the conclusion of the Auction, the Debtors, after consultation with the Consultation Parties, shall announce on the record that it has determined in its business judgment that it has received the highest or otherwise best Qualified Bid, and the Qualified Bidder that had submitted such Qualified Bid (the "**Successful Bid**") shall be declared the winning bidder (the "**Successful Bidder**"). The Debtors, after consultation with the Consultation Parties, shall also identify the Qualified Bidder that submitted the next highest or otherwise best Qualified Bid (the "**Back-Up Bid**") shall be declared the "**Back-Up Bidder.**" The Back-Up Bid shall remain open and irrevocable until the earliest to occur of (i) the Outside Date, (ii) consummation of the transaction with the Successful Bidder, and (iii) the release of such bid by the Debtors in writing (such date, the "**Back-Up Bid Expiration Date**"). If a transaction with the Successful Bidder is terminated prior to the Back-Up Bid Expiration Date, the Back-Up Bidder shall be deemed the Successful Bidder and shall be obligated to consummate the Back-Up Bid as if it were the Successful Bid.

Within one (1) day after the Auction, the Successful Bidder shall submit to the Debtors fully executed revised documentation memorializing the terms of the Successful Bid. The Successful Bid may not be assigned to any party without the consent of the Debtors.

Each Qualified Bidder shall be required to confirm, both before and after the Auction, that it has not engaged in any collusion with respect to the submission of any bid, the bidding, or the Auction.

At any time before entry of the Sale Order approving the applicable transaction envisioned by a Qualified Bid, the Debtors reserve the right to and may, after consultation with the Consultation Parties, reject such Qualified Bid if such Qualified Bid, in the Debtors' judgment, is: (i) inadequate or insufficient; (ii) not in conformity with the requirements of the Bankruptcy Code, these Bidding Procedures, or the terms and conditions of the applicable sale transaction; or (iii) contrary to the best interests of the Debtors and their estates, except that if the Stalking Horse Bid is the only Qualified Bid, the foregoing provisions of this sentence will be inoperative. No attempt by the Debtors to reject a Qualified Bid under this paragraph will modify any rights of the Debtors or the Stalking Horse Bidder under the Stalking Horse APA (as may be consensually modified at the Auction).

Post-Auction Process

Within two (2) days after the conclusion of the Auction, the Debtors shall file with the Bankruptcy Court notice of the Successful Bid, Successful Bidder, Back-Up Bid, and Back-Up Bidder. At the Sale Hearing, the Debtors will present the Successful Bid to the Bankruptcy Court for approval. The Successful Bidder shall appear at the Sale Hearing and be prepared to have a representative(s) testify in support of the Successful Bid and the Successful Bidder's ability to close in a timely manner and provide adequate assurance of its future performance under any and all executory contracts and unexpired leases to be assumed and/or assigned as part of the proposed sale transaction. Unless otherwise required pursuant to the Debtors' fiduciary duties, the Debtors shall not consider any bids submitted after the conclusion of the Auction.

Within seven (7) business days after the Auction, the Debtors shall direct the Escrow Agent to return the deposit of any bidder, together with interest accrued thereon, who is not declared the Successful Bidder or Back-Up Bidder. Within five (5) business days after the Back-Up Bid Expiration Date, the Debtors shall direct the Escrow Agent to return the deposit of such Back-Up Bidder, together with interest accrued thereon. Upon the authorized return of any such deposit, the bid of such Potential or Qualified Bidder shall be deemed revoked and no longer enforceable.

The deposit of the Successful Bidder shall be applied against the cash purchase price of such bidder's Successful Bid upon the consummation of the sale transaction.

In addition to the foregoing, the deposit of a Qualified Bidder will be forfeited to the Debtors if (i) the Qualified Bidder attempts to modify, amend, or withdraw its Qualified Bid, except as permitted herein, during the time the Qualified Bid remains binding and irrevocable or (ii) the Qualified Bidder is selected as the Successful Bidder and fails to enter into the required definitive documentation or to consummate a sale transaction according to these Bidding Procedures.

Consultation Parties

The term "**Consultation Parties**" as used in these Bidding Procedures shall mean (i) the official committee of unsecured creditors appointed in the Debtors' chapter 11 cases, if any (the "**Creditors' Committee**"), (ii) the DIP Lender and any other postpetition lender that may exist, and (iii) the Stalking Horse Bidder.

The Debtors shall use their reasonable best efforts to consult and confer with the Consultation Party in respect of all material aspects of the bidding and Auction process in order to maximize value for all parties in interest. For the avoidance of doubt, however, the consultation rights provided to the Consultation Parties by these Bidding Procedures shall not limit the Debtors' discretion in any way and shall not include the right to veto any decision made by the Debtors in the exercise of their business judgment.

The Debtors may not modify the consultation or consent rights of any of the Consultation Parties set forth herein without the consent of such affected party; *provided*, *however*, that the Debtors may, in the exercise of their business judgment, take such steps as are necessary to ensure a competitive and transparent bidding and Auction process, including, but not limited to, limiting (but not eliminating) the consultation rights of a Consultation Party that is or becomes a Qualified Bidder.

Consent to Jurisdiction and Authority as Condition to Bidding

All bidders (including the Stalking Horse Bidder) that participate in the bidding process shall be deemed to have (i) consented to the core jurisdiction of the Bankruptcy Court to enter any order or orders, which shall be binding in all respects, in any way related to these Bidding Procedures, the bid process, the Auction, or the construction and enforcement of any agreement or any other document relating to the sale transaction, (ii) waived any right to a jury trial in connection with any disputes relating to these Bidding Procedures, the bid process, the Auction, or the construction and enforcement of any agreement or any other document relating to the sale transaction, and (iii) consented to the entry of a final order or judgment in any way related to these Bidding Procedures, the bid process, the Auction, or the construction and enforcement of any agreement or any other document relating to the sale transaction if it is determined that the Bankruptcy Court would lack Article III jurisdiction to enter such a final order or judgment absent the consent of the parties.

Exhibit 2

Sale Notice

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	**Chapter 11**
	:	
ANGELICA CORPORATION, *et al.*,	:	**Case No. 17-10870 (JLG)**
	:	
Debtors.[1]	:	**(Jointly Administered)**
	:	

NOTICE OF SALE OF SUBSTANTIALLY ALL ASSETS

Angelica Corporation and its affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the "Debtors") are seeking to sell or assign substantially all of their assets (the "Purchased Assets") pursuant to a motion, dated [__], 2017 (ECF No. __) (the "Sale Motion").

A party has already submitted a binding bid (the "Bid") for the Purchased Assets, as set forth in a certain asset purchase agreement (the "Asset Purchase Agreement"). The Bid remains subject to higher and/or better offers.

By order, dated [__], 2017 (ECF No. __) (the "Bidding Procedures Order"),[2] the Bankruptcy Court approved certain "Bidding Procedures" that govern the sale of the Purchased Assets to the highest or best bidder.

The Debtors have requested the Bankruptcy Court enter an order (the "Sale Order"), which provides, among other things, for the sale of the Purchased Assets free and clear of liens, claims, encumbrances, and other interests, to the extent permissible by law, and the assumption by the successful bidder of certain liabilities. A separate notice will be provided to counterparties to executory contracts and unexpired leases with the Debtors that may be assumed and assigned.

Copies of the Asset Purchase Agreement, the Bidding Procedures Order, the Bidding Procedures, and the proposed Sale Order are available upon request to the Debtors' noticing agent, Prime Clerk LLC, at 844-276-3030 or angelicainfo@PrimeClerk.com, and are available for download at https://cases.primeclerk.com/Angelica.

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Clothesline Holdings, Inc. (1081); Angelica Corporation (5260); Angelica Textile Services, Inc.–NY (6508); Royal Institutional Services, Inc. (8906); and Angelica Textile Services, Inc.–CA (5010). The location of the Debtors' corporate headquarters is 1105 Lakewood Parkway, Suite 210, Alpharetta, Georgia 30009.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Bidding Procedures Order or the Sale Motion.

ANY INTERESTED BIDDER SHOULD CONTACT THE DEBTORS' ADVISORS AT:

Houlihan Lokey Capital, Inc.

Bradley Jordan at 212-497-4137,
BJordan@HL.com

Brian McDonald at 212-497-4238,
BMcdonald@HL.com

PLEASE TAKE NOTE OF THE FOLLOWING IMPORTANT DEADLINES:

- The **deadline to submit a bid** for the Purchased Assets is **May 29, 2017 at 5:00 p.m. (Eastern Time)**. A bid must include a deposit in the amount of ten percent (10%) of the proposed purchase price. The failure to abide by the procedures and deadlines set forth in the Bidding Procedures Order and the Bidding Procedures may result in the denial of your bid.

- The deadline to lodge an objection with the Bankruptcy Court to the proposed sale of the Purchased Assets is **May 25, 2017 at 4:00 p.m. (Eastern Time)** (the "Sale Objection Deadline"). Objections must be filed and served in accordance with the Bidding Procedures Order.

- The Auction, if necessary, for the Purchased Assets has been scheduled for **June 5, 2017 at 10:00 a.m. (Eastern Time)**. The Auction may be canceled without notice if the Bid is the only Qualified Bid (as such term is defined in the Bidding Procedures) received.

- The Bankruptcy Court will conduct a hearing (the "Sale Hearing") to consider the proposed sale on:

  - **June [1], 2017 at ___ _.m. (Eastern Time)** if the Bid is the only Qualified Bid received; and

  - **June [12], 2017 at ___ _.m. (Eastern Time)** if more than one Qualified Bid is received.

THE FAILURE OF ANY PERSON OR ENTITY TO FILE AND SERVE AN OBJECTION BY THE SALE OBJECTION DEADLINE SHALL BE A BAR TO THE ASSERTION BY SUCH PERSON OR ENTITY OF ANY OBJECTION TO THE SALE MOTION, THE SALE ORDER, THE SALE TRANSACTION, OR THE DEBTORS' CONSUMMATION AND PERFORMANCE OF THE ASSET PURCHASE AGREEMENT (INCLUDING, WITHOUT LIMITATION, THE DEBTORS' TRANSFER OF THE PURCHASED ASSETS AND ASSUMPTION AND ASSIGNMENT OF THE PURCHASED CONTRACTS, FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES AND OTHER INTERESTS).

Dated: ____________________, 2017

____

WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, New York 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007

Counsel for Debtors and Debtors in Possession

Exhibit 3

Publication Sale Notice

[Form to be provided.]

Exhibit 4

Cure Notice

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	**Chapter 11**
ANGELICA CORPORATION, *et al.*,	:	**Case No. 17-10870 (JLG)**
Debtors.[1]	:	**(Jointly Administered)**

NOTICE OF ASSUMPTION, ASSIGNMENT AND CURE AMOUNT WITH RESPECT TO EXECUTORY CONTRACTS AND UNEXPIRED LEASES OF DEBTORS

Pursuant to procedures approved by order of the Bankruptcy Court for the Southern District of New York, dated __________, 2017 (ECF No. __) (the "Bidding Procedures Order"), Angelica Corporation and its affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the "Debtors") are seeking to assume and assign certain of their executory contracts and unexpired leases in connection with the sale of substantially all of their assets (the "Purchased Assets"). A party (the "Bidder") has already submitted a binding bid (the "Bid") for the Purchased Assets, as set forth in a certain asset purchase agreement (the "Asset Purchase Agreement"), and the Debtors are seeking court approval of this Bid (or such higher and/or better bid) pursuant to a motion, dated April 3, 2017 (ECF No. __) (the "Sale Motion").[2]

You are receiving this Notice because you may be a party to an executory contract or unexpired lease that is proposed to be assumed and assigned to the Bidder (collectively, the "Purchased Contracts"), or to such other bidder that submits a higher or better offer for the Purchased Assets.

The current Bidder is: 9W Halo Holdings L.P. A list of the Purchased Contracts is attached hereto as Exhibit A. A copy of the Asset Purchase Agreement is available for download at https://cases.primeclerk.com/Angelica.

The Debtors have determined the current amounts owing (the "Cure Costs") under each Purchased Contract and have listed the applicable Cure Costs on Exhibit A. The Cure Costs are the only amounts proposed to be paid upon the assumption and assignment of the Purchased Contracts.

To the extent that a non-Debtor party objects to (i) the assumption and assignment of such party's Purchased Contract (including on the basis of failure to provide adequate

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Clothesline Holdings, Inc. (1081); Angelica Corporation (5260); Angelica Textile Services, Inc.–NY (6508); Royal Institutional Services, Inc. (8906); and Angelica Textile Services, Inc.–CA (5010). The location of the Debtors' corporate headquarters is 1105 Lakewood Parkway, Suite 210, Alpharetta, Georgia 30009.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Bidding Procedures Order or the Sale Motion.

assurance of future performance) or (ii) the applicable Cure Costs, the non-Debtor party must file and serve an objection (each, an "Objection") by May 25, 2017 at 4:00 p.m. (Eastern Time). All Objections must be filed and served in accordance with the Bidding Procedures Order (ECF No. __), copies of which are available for download at https://cases.primeclerk.com/Angelica.

If no Objection is timely received, (i) the non-Debtor party to a Purchased Contract shall be deemed to have consented to the assumption and assignment of the Purchased Contract and shall be forever barred from asserting any objection with regard to such assumption or assignment and (ii) the Cure Costs set forth on Exhibit A attached hereto shall be controlling, notwithstanding anything to the contrary in any Purchased Contract, or any other document, and the non-Debtor party to a Purchased Contract shall be deemed to have consented to the Cure Costs and shall be forever barred from asserting any other claims related to such Purchased Contract against the Debtors or the transferee, or the property of any of them.

If no Qualified Bid (as such term is defined in the Bidding Procedures), other than that of the Bidder, is received for the Purchased Assets, the Debtors will seek to assume and assign the Purchased Contracts at a hearing before the Honorable James L. Garrity Jr., in the United States Bankruptcy Court for the Southern District of New York, 1 Bowling Green, New York, New York 10004 (the "Sale Hearing") on **__________, 2017 at ___ _.m. (Eastern Time)**, or at a later hearing, as determined by the Debtors and in accordance with the Bidding Procedures Order. Objections, if any, will be heard at the Sale Hearing or at a later hearing, as determined by the Debtors in accordance with the Bidding Procedures Order.

If one or more Qualified Bids are received, other than that of the Bidder, an auction for the Purchased Assets, including the Purchased Contracts, will be conducted on **__________, 2017 at ___ _.m. (Eastern Time)** (the "Auction"), and the Sale Hearing will be held on **__________, 2017 at ___ _.m. (Eastern Time)**. After the Auction, the Debtors will file, but not serve, in accordance with the Bidding Procedures Order, a notice that identifies the Successful Bidder at the Auction. If the Successful Bidder at the Auction is not the Bidder, then the deadline for a non-Debtor party to object to the assumption and assignment of its Purchased Contract to the Successful Bidder solely on the basis of such Successful Bidder's failure to provide adequate assurance of future performance will be extended to two (2) days prior to the Sale Hearing; *provided* that the deadline to object to the Cure Costs shall not be extended.

The inclusion of any contract or lease on Exhibit A shall not constitute or be deemed a determination or admission by the Debtors that such contract or other document is, in fact, an executory contract or unexpired lease within the meaning of the Bankruptcy Code (all rights with respect thereto being expressly reserved).

Notwithstanding the inclusion of any lease or contract on Exhibit A, neither the Stalking Horse Bidder nor the Successful Bidder is bound to accept assignment of any Purchased Contract, and may amend the schedule of Purchased Contracts to remove any contract or lease at any time prior to the consummation of the Sale Transaction.

Dated: ___________________, 2017

____

WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, New York 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007

Counsel for Debtors and Debtors in Possession

Exhibit B

Stalking Horse APA

EXECUTION VERSION

ASSET PURCHASE AGREEMENT

BY AND AMONG

CLOTHESLINE HOLDINGS, INC.,

ANGELICA CORPORATION,

THE OTHER PARTIES NAMED HEREIN,

as Sellers,

9W HALO HOLDINGS L.P.,

as Purchaser,

AND

CORTLAND CAPITAL MARKET SERVICES LLC,

as Term Loan Agent

Dated as of April 3, 2017

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ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT, dated as of April 3, 2017 (this "Agreement"), by and among Clothesline Holdings, Inc., a Delaware corporation ("Holdings"), Angelica Corporation, a Missouri corporation (the "Company"), Angelica Textile Services, Inc., a New York corporation, Angelica Textile Services, Inc., a California corporation, Royal Institutional Services, Inc., a Massachusetts corporation (each entity, together with Holdings and the Company, a "Seller" and collectively, "Sellers"), 9W Halo Holdings L.P., a Delaware limited partnership ("Purchaser") and Cortland Capital Market Services LLC, in its capacity as administrative agent and/or collateral agent under the Term Loan Agreement and the other Term Loan Documents (the "Term Loan Agent") and signing solely with respect to Section 3.1 and Section 12.13 of this Agreement. Sellers, Purchaser and Term Loan Agent are sometimes herein referred to collectively as the "Parties" and individually as a "Party."

W I T N E S S E T H:

WHEREAS, certain terms used in this Agreement are defined in Section 1.1.

WHEREAS, following the execution of this Agreement, each Seller shall become a debtor and debtor-in-possession under title 11 of the United States Code, 11 U.S.C. § 101 et seq. (the "Bankruptcy Code"), and Sellers shall file voluntary petitions for relief under chapter 11 of the Bankruptcy Code on April 3, 2017 (the "Petition Date"), in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") (collectively, the "Bankruptcy Cases");

WHEREAS, Sellers presently engage in the business of providing linen management and laundry services and products primarily to healthcare providers in the United States, including to hospitals, nursing homes, and outpatient clinics and ambulatory surgical centers (the "Business");

WHEREAS, Sellers and the Term Loan Agent, as administrative agent and collateral agent, are parties to that certain Term Loan Agreement;

WHEREAS, the Term Loan Agent, acting at the direction of the Required Lenders under the Term Loan Agreement, intends to credit bid the Credit Bid Amount in respect of the Term B-1 Loan Obligations as part of the Purchase Price in exchange for the transfer to Purchaser of the Purchased Assets;

WHEREAS, at Closing, Purchaser's equity interests will be owned, directly or indirectly, by the Term B-1 Lender or an Affiliate thereof;

WHEREAS, the Parties intend that the Asset Sale (as defined below) be treated as a fully taxable transaction for U.S. income tax purposes; and

WHEREAS, Sellers desire to sell, transfer and assign to Purchaser, and Purchaser desires to purchase, acquire and assume from Sellers, all of the Purchased

Assets, which are substantially all of the assets used or held for use by Sellers in conducting the Business, free and clear of all Liens (other than Permitted Liens), and Assumed Liabilities (the "Asset Sale"), in accordance with sections 363 and 365 of the Bankruptcy Code, all as more specifically provided herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter contained, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Certain Definitions. For purposes of this Agreement, the following terms shall have the meanings specified in this Section 1.1:

"Affiliate" means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person, and the term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities, by contract or otherwise.

"Ancillary Agreements" means, collectively, the Bidding Procedures Order, the Sale Order, the Bill of Sale and the Assignment and Assumption Agreement.

"Approved Budget" shall have the meaning ascribed to such term in the DIP Order.

"Auction Date" means the date that the Auction is declared closed by Sellers.

"Bidding Procedures Order" means that certain order of the Bankruptcy Court, in substantially the form attached hereto as Exhibit A, and otherwise in form and substance reasonably acceptable to Purchaser, that among other things, (i) approves the payment of the Expense Reimbursement on the terms and conditions set forth in Section 7.1 and (ii) establishes a date by which Competing Bids must be submitted by bidders and establishes procedures for the auction process.

"Business Day" means any day of the year on which national banking institutions in New York are open to the public for conducting business and are not required or authorized to close.

"COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985.

"Code" means the Internal Revenue Code of 1986.

"Contract" means any contract, indenture, note, bond, lease or other agreement that in each case is in writing and signed by the parties intending to be bound thereby.

"Debt Commitment Letters" shall mean fully executed firm commitment letter(s) between Purchaser and the Debt Financing Sources in form and substance reasonably acceptable to Sellers, pursuant to which the Debt Financing Sources have agreed, subject to the terms and conditions thereof, to provide the Debt Financing.

"Debt Financing" means the debt financing, on terms and conditions acceptable to Purchaser and Sellers, of an amount which, together with the Credit Bid Amount, will provide Purchaser with a sufficient amount of proceeds to satisfy all payment obligations of Purchaser on the Closing Date under this Agreement.

"Debt Financing Sources" shall mean any Persons who have committed to provide or arrange, or have otherwise entered into agreements in connection with, the Debt Financing, including the parties to any joinder agreements or credit agreements entered into pursuant thereto or relating thereto, together with their respective Affiliates, officers, directors, employees, managers and representatives involved in the Debt Financing, and their respective successors and permitted assigns.

"DIP Order" shall be an order or orders of the Bankruptcy Court in form and substance satisfactory to Purchaser and Sellers, approving the Sellers entry into debtor-in-possession financing in connection with the Bankruptcy Cases.

"DIP Senior Agent" means Wells Fargo Capital Finance, LLC, as administrative agent and/or co-collateral agent under the DIP Senior Loan Agreement and the other DIP Senior Loan Documents.

"DIP Senior Loan Agreement" means that certain Senior Secured, Super-Priority Debtor-in-Possession Loan and Security Agreement, to be entered into as of the Petition Date (as amended or otherwise modified from time to time), by and among Holdings, the Company, certain Subsidiaries of the Company, Wells Fargo Capital Finance, LLC, as administrative agent and collateral agent, and the lenders and other parties from time to time party thereto.

"DIP Senior Loan Documents" means the "Loan Documents" as defined in the DIP Senior Loan Agreement.

"DIP Senior Obligations" means, as of any date of determination, the aggregate amount of the obligations then outstanding and owing to the DIP Senior Secured Parties under the DIP Senior Loan Agreement and the other DIP Senior Loan Documents.

"DIP Senior Secured Parties" means the "Secured Parties" as defined in the DIP Senior Loan Agreement.

"Documents" means all files, documents, instruments, papers, books, reports, records, tapes, microfilms, photographs, letters, budgets, forecasts, ledgers, journals, title policies, customer lists, regulatory filings, operating data and plans, technical documentation (including design specifications, functional requirements, operating instructions, logic manuals and flow charts), user documentation (including installation guides, user manuals, training materials, release notes, and working papers), marketing documentation (including sales brochures, flyers, pamphlets and web pages), and other similar materials related to the Business and the Purchased Assets in each case whether or not in electronic form.

"DOL" means the U.S. Department of Labor.

"Employees" means all individuals, as of the date hereof, whether or not actively at work as of the date hereof, who are employed by Sellers in connection with the Business, together with individuals who, in the Ordinary Course of Business, are hired in respect of the Business after the date hereof and prior to the Closing.

"Environment" means any surface water, groundwater, land surface, subsurface strata, sediment, plant or animal life, natural resources, air (including indoor air and ambient air) or soil.

"Environmental Defect" means (a) any noncompliance with, or condition or circumstance giving rise to Liability under, any Environmental Law on any Real Property or with respect to any Purchased Asset, or which arises from the ownership, record keeping, construction, maintenance, repair or operation thereof; or (b) any condition or circumstance with respect to any Real Property, or Purchased Asset, or the ownership, record keeping, construction, maintenance, repair or operation thereof, which could (with notice or the lapse of time or both) result in or give rise to, any material noncompliance with Environmental Law or any Environmental Liabilities, in each case, (i) which cannot be discharged as a general unsecured claim in the bankruptcy process or (ii) which was undisclosed in the Disclosure Schedules.

"Environmental Law" means any Law or Order relating to pollution, the protection of the Environment or natural resources, Releases of or exposure to Hazardous Materials or the handling, generation, treatment, transportation, storage, use, arrangement for disposal or disposal, manufacture, distribution, formulation, packaging or labeling of Hazardous Materials.

"Environmental Liabilities" means all Liabilities arising from any impairment or damage to the Environment or natural resources, failure to comply with Environmental Laws, or the Release of or exposure to Hazardous Materials: (a) in connection with the prior or ongoing ownership or operation of the Business; or (b) on, in, under, to or from the Real Property or any other real property currently or formerly owned, operated, occupied or leased in connection with the ongoing or prior ownership or operation of the Business, including Liabilities related to: (i) the handling, generation, treatment, transportation, storage, use, arrangement for disposal or disposal, manufacture, distribution, formulation, packaging or labeling of Hazardous Materials; (ii) the Release of or exposure to Hazardous Materials; (iii) any other pollution or contamination of Environment; (iv) any other obligations imposed under Environmental Laws with respect to the Business or the Real Property; and (v) all other damages and losses arising under applicable Law as a result of any of the matters identified in clauses (i) – (iv) of this definition.

"Environmental Permits" means all Permits required under Environmental Laws for the conduct of the Business and ownership and operation of the Purchased Assets and Business.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"ERISA Affiliate" means any Affiliate of any Seller and any other entity that, together with any Seller, may be treated as a single employer under section 4001 of ERISA or section 414 of the Code.

"ERISA Affiliate Liability" means any actual or contingent Liability of any Seller under or in respect of any Employee Benefit Plan pursuant to section 414 of the Code or section 4001 of ERISA, as a result of such Seller being treated as a single employer under section 4001 of ERISA or section 414 of the Code with respect to any other Person.

"Excluded Contracts" means all Contracts other than the Purchased Contracts, including the Contracts set forth in Schedule 1.1(a).

"Excluded Matter" means any one or more of the following: (i) any change in the United States or foreign economies or securities or financial markets in general; (ii) any change that generally affects any industry in which Sellers operate; (iii) any change arising in connection with national emergencies, hostilities, acts of war, sabotage or terrorism or military actions or any escalation or material worsening of any such hostilities, acts of war, sabotage or terrorism or military actions existing or underway as of the date hereof; (iv) the occurrence of any act of God or other calamity or force majeure events (whether or not declared as such), including any strike, labor dispute, civil disturbance, embargo, natural disaster, fire, flood, hurricane, tornado, or other weather event; (v) any matter disclosed with specificity on the Schedules; (vi) any changes in Laws or accounting rules occurring after the date of execution of this Agreement; (vii) the announcement of this Agreement or compliance with the express terms of this Agreement; (viii) the filing of the Bankruptcy Cases, including the reasonably anticipated effects thereof; or (ix) the taking of any action expressly contemplated by this Agreement or taken with the prior written consent of the other Party.

"Excluded Employee Liabilities" means each of the following (other than with respect to the Assumed Liabilities set forth in items 1 and 2 Schedule 2.3(d)):

(a) any Seller's or any of its Affiliates' obligations to contribute to, make payments with respect to or provide benefits under any Employee Benefit Plan including (i) any arrangement that provides severance-type, stay or retention pay or change-in-control payments or benefits, supplemental executive retirement plan or benefits (other than with respect to such obligations due to Transferred Employees resulting from events occurring after the Closing Date) and (ii) any retention, severance or other arrangement established pursuant to section 503(c) of the Bankruptcy Code;

(b) any and all Liabilities arising out of, relating to, or resulting from any Legal Proceeding with respect to any current or former Employee or Service Provider relating to his/her employment or services, or termination of employment or services, with any Seller or any of its Affiliates, including as a result of the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements;

(c) any and all Liabilities arising out of, relating to, or resulting from any defined benefit pension plans, defined contribution plans, post-employment health, welfare or death benefits sponsored by Sellers, or any ERISA Affiliate Liability;

(d) any and all Liabilities arising out of, relating to, or resulting from the withdrawal and/or cessation of Transferred Employees or other Employees or Service Providers from participation in any Employee Benefit Plan, including, if applicable, pursuant to section 4062(e) of ERISA;

(e) any and all Liabilities arising out of, relating to, or resulting from any Employees or Service Providers who do not become Transferred Employees (including any Employee who does not accept an offer of employment with Purchaser), or any applicant with respect to potential employment with any Seller or any of its Affiliates; and

(f) any and all other Liabilities arising out of, relating to, or resulting from any current, former or prospective Employees (whether or not any such Employee becomes a Transferred Employee (including any Employee who does not accept an offer of employment with Purchaser)) with respect to their employment or termination of employment with any Seller or any of its Affiliates, including (i) payments or entitlements that any Seller or any of its Affiliates may owe or have promised to pay to any current, former or prospective Employee, including wages, other remuneration, holiday, bonus, severance pay (statutory or otherwise), commissions, Taxes, or insurance premiums, (ii) any and all Liabilities relating to any employment agreement or similar Contract that is not a Purchased Contract, any current, former or negotiated Collective Bargaining Agreements or related agreements, including side letters and memoranda of understanding, or the employment practices of any Seller or any of its Affiliates, other than the New Collective Bargaining Agreements, (iii) any and all Liabilities under the WARN Act relating to actions, inactions or practices of any Seller or any of its Affiliates on or prior to the Closing Date (including, for the avoidance of doubt, any reduction in force programs initiated on or prior to the Closing Date, even if any employment losses resulting from such reduction in force programs occur on or after the Closing Date), and (iv) except for the Assumed Liabilities set forth in Schedule 2.3(d), any and all Liabilities relating to workers' compensation claims and occupational health claims against any Seller or any of its Affiliates for accidents or injuries occurring on or prior to the Closing, if any.

"Excluded Owned Property" means the land, buildings and other real property located in or around sites set forth in Schedule 2.2(k).

"Executory Contract" means any executory Contract (including any unexpired leases) related to the Business to which any Seller is a party or a beneficiary or by which any Purchased Assets are bound.

"Furniture and Equipment" means all machinery and equipment, furniture, owned or leased vehicles, leasehold improvements and other tangible personal property owned or used by Sellers in the conduct of the Business, including all washers, dryers, feeders, folders, conveyors, boilers, compressors, counters, Hardware, copiers, telephone lines and numbers, facsimile machines and other telecommunication equipment, furniture, fixtures, furnishings, artwork, desks, chairs, tables, cubicles and miscellaneous office furnishings and supplies.

"GAAP" means generally accepted accounting principles in the United States as of the date hereof.

"Governmental Body" means any government or governmental or regulatory body thereof, or political subdivision thereof, whether foreign, federal, state, or local, or any agency, instrumentality or authority thereof, or any court or arbitrator.

"Hardware" means any and all computer and computer-related hardware, including computers, file servers, facsimile servers, scanners, color printers, laser printers and networks.

"Hazardous Material" means any material, substance or waste defined, classified or otherwise characterized as "hazardous," "toxic" or "radioactive" or as a "pollutant," "contaminant," "waste" or words of similar meaning or effect, under any Environmental Law, including asbestos and asbestos-containing materials, polychlorinated biphenyls or petroleum and petroleum derivatives.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

"Inactive Employees" means Offered Employees who are (i) on a Seller-approved leave of absence on the Closing Date as a result of military service, pregnancy or parental leave, disability leave, medical leave, jury duty or any leave provided under applicable Law and (ii) expected to return to work in the time permitted for such leave under applicable Law and, for any other leave, in accordance with the terms of such leave, but not longer than one hundred twenty (120) days following the Closing Date.

"Indebtedness" of any Person means, without duplication, (i) the principal of and premium (if any) in respect of (A) indebtedness of such Person for money borrowed and (B) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable, (ii) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (but excluding trade accounts payable and other accrued current liabilities arising in the Ordinary Course of Business), (iii) all obligations of such Person under leases required to be capitalized in accordance with GAAP, (iv) all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction, (v) any accrued interest, premiums, penalties, breakages, "make whole amounts" and other obligations relating to the foregoing that would be payable in connection with the repayment of the foregoing, (vi) all obligations of the type referred to in clauses (i) through (v) of any Persons for the payment of which such Person is responsible or liable, directly or indirectly, as obligor, guarantor, surety or otherwise, including guarantees of such obligations, and (vii) all obligations of the type referred to in clauses (i) through (vi) of other Persons secured by any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person).

"Intellectual Property" means any and all rights, title, and interest in or relating to intellectual property anywhere in the world (including with respect to Technology and Software), whether registered or unregistered, including: (a) patents, patentable inventions and other patent rights (including any divisions, continuations, continuations-in-part, reissues, reexaminations and interferences thereof); (b) trademarks, service marks, trade dress, trade names, taglines, social media identifiers (such as a Twitter® handle) and related accounts, brand names, logos and corporate names and all goodwill related thereto; (c) copyrights, mask works and designs; (d) trade secrets, know-how, inventions, processes, procedures, databases, confidential business information and other proprietary information and rights; (e) computer software programs, including all source code, object code, specifications, designs and documentation related thereto; and (f) domain names and Internet addresses.

"Intellectual Property License" means (i) any grant to another Person of or regarding any right relating to or under the Purchased Intellectual Property and (ii) any grant by another Person to a Seller or Sellers of or regarding any right relating to or under any third Person's Intellectual Property.

"Inventory" means all of Sellers' now owned or hereafter acquired inventory and goods relating to the Business wherever located, including all inventory and goods that (i) are held by a Seller for sale or to be furnished by a Seller under a Contract or service, or (ii) consist of raw materials, work in process, finished goods or material used in connection with the Business.

"IRS" means the Internal Revenue Service.

"Knowledge of Sellers" means with reference to Sellers or a Seller, the actual knowledge of the individuals identified on Schedule 1.1(c).

"Labor Laws" means any Laws relating to employment, employment standards and practices, employment of minors, employment discrimination, immigration, workplace health and safety, labor relations, tax withholding, wages, hours, family and medical and other leave of absence, workplace insurance or pay equity.

"Law" means any federal, state, local or foreign law, statute, code, ordinance, rule, regulation or other legal requirement, including the common law.

"Legal Proceeding" means any judicial, administrative or arbitral action, suit, proceeding (public or private) or claim or any proceeding by or before a Governmental Body.

"Liability" means any liability or obligation (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due), including all costs and expenses relating thereto.

"Lien" means any lien, encumbrance, pledge, mortgage, deed of trust, security or other interest, claim, lease, charge, conditional sale agreement, right to purchase, option, right of first refusal, easement, right of way, restriction, covenant, condition, encroachment or other survey defect, servitude, encumbrance or other similar restrictions.

"Material Adverse Effect" means any event or occurrence that, individually or collectively, has or would reasonably be expected to have, a material adverse effect on (a) the assets, properties, results of operations or financial condition of the Purchased Assets (taken as a whole) or the Business or (b) the ability of Sellers to consummate the Transactions, other than, with respect to clause (a), an effect resulting from an Excluded Matter; provided, that, with respect to any matter described in clauses (i), (ii), (iii), (iv) or (vi) of the definition of "Excluded Matter", such matter shall only be excluded to the extent that such matter does not have a disproportionate effect on the Business relative to other comparable businesses operating in the same industry.

"Order" means any order, injunction, judgment, decree, ruling, writ, assessment or arbitration award of a Governmental Body.

"Ordinary Course of Business" means the ordinary and usual course of normal day-to-day operations of the Business through the date hereof consistent with past practice.

"PBGC" means the U.S. Pension Benefit Guaranty Corporation.

"Permits" means any approvals, authorizations, consents, licenses, permits, franchises, waivers, operating permits, easements, qualifications, grants, concessions, exceptions, rulings, waivers, variances, registrations, certificates or other forms of permission, exemptions, plans and the like, of any Governmental Body.

"Permitted Liens" means: (i) all defects, exceptions, restrictions, easements, rights of way and encumbrances disclosed in any title commitment, report or policy of title insurance which has been made available to, or otherwise obtained by, Purchaser; (ii) Liens for Taxes, assessments or other governmental charges not yet due and payable or the amount or validity of which is being contested in good faith by appropriate proceedings; (iii) statutory or other inchoate Liens securing Liabilities incurred in the Ordinary Course of Business; (iv) zoning, entitlement and other land use and environmental regulations by any Governmental Body having jurisdiction over the Real Property which are not violated by the current use, occupancy or operation of the Real Property; (v) any Lien on property or assets of Sellers securing any debtor in possession loan facility or granted in an order authorizing use of cash collateral; and (vi) such other defects, exceptions, restrictions, imperfections in title, charges, easements, restrictions and encumbrances which would not, individually or in the aggregate, be reasonably expected to materially detract from the property; provided that Liens described in the foregoing clause (v) shall only be deemed Permitted Liens if they rank junior to the Liens securing the Term B-1 Loan Obligations and the Term B-2 Loan Obligations.

"Person" means any individual, corporation, limited liability company, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Body or other entity.

"Prepetition Senior Agent" means Wells Fargo Capital Finance, LLC, as administrative agent and/or co-collateral agent under the Prepetition Senior Loan Agreement and the other Prepetition Senior Loan Documents.

"Prepetition Senior Loan Agreement" means that certain Loan and Security Agreement, dated as of July 15, 2011 (as amended or otherwise modified from time to time), by and among Holdings, the Company, certain Subsidiaries of the Company, Wells Fargo Capital Finance, LLC, as administrative agent and collateral agent, and the lenders and other parties from time to time party thereto.

"Prepetition Senior Loan Documents" means the "Loan Documents" as defined in the Prepetition Senior Loan Agreement.

"Prepetition Senior Obligations" means, as of any date of determination, the aggregate amount of the obligations then outstanding and owing to the Prepetition Senior Secured Parties under the Prepetition Senior Loan Agreement and the other Prepetition Senior Loan Documents.

"Prepetition Senior Secured Parties" means the "Secured Parties" as defined in the Prepetition Senior Loan Agreement.

"Products" means any and all products developed, marketed or sold by Sellers.

"Purchased Contracts" means the Contracts set forth in Schedule 1.1(d) (except those that expire or are terminated prior to the Closing), as amended pursuant to Section 2.6(a) at any time during the period from and after the date hereof until the third

(3rd) Business Day prior to the Closing Date; provided that Purchaser shall not be permitted to add any Contracts previously rejected in the Bankruptcy Cases.

"Purchased Intellectual Property" means all Intellectual Property owned by Sellers related to the Business.

"Release" means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, or leaching into the indoor or outdoor Environment, or into or out of any property.

"Required Lenders" means, as of any date of determination, the lenders having loans under the Term Loan Agreement representing at least 51% of the aggregate loans under the Term Loan Agreement outstanding at such time.

"Sale Hearing" means hearing for the approval of, among other things, this Agreement and the Transactions.

"Sale Motion" means the motion or motions of Sellers, in form and substance reasonably acceptable to Purchaser, seeking approval and entry of the Bidding Procedures Order and Sale Order.

"Sale Order" shall be an order or orders of the Bankruptcy Court in form and substance satisfactory to Purchaser and Sellers, approving this Agreement and all of the terms and conditions hereof, and approving and authorizing Sellers to consummate the Transactions.

"Sellers Wind Down Expenses" means, as of the Closing, Sellers' budget for expenses for the wind-down of Sellers' bankruptcy estates (including all accrued but unpaid wages and payroll taxes of Transferred Employees for any partial payroll period ending on the Closing Date) as set forth on Exhibit B, up to an aggregate maximum amount equal to (a) $71,600,000 *less* (b) the Senior Loan Repayment Amount.

"Service Provider" means any consultant or independent contractor who has been performing services for Sellers or their Subsidiaries.

"Software" means, except to the extent generally available for purchase from a third Person, any and all (i) computer programs, including any and all software implementations of algorithms, models and methodologies, whether in source code or object code, (ii) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, (iii) descriptions, flow-charts and other work product used to design, plan, organize and develop any of the foregoing, screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons, and (iv) all documentation, including user manuals and other training documentation related to any of the foregoing.

"Subsidiary" means with respect to any Person, on any date, any Person of which a majority of the outstanding voting securities or other voting equity interests are owned directly or indirectly by the applicable Person.

"Tax" or "Taxes" means (i) any United States federal, state, local or foreign taxes, charges, levies, fees, imposts, assessments or similar governmental charges, including income, gross receipts, license, payroll, employment, excise, stamp, occupation, premium, windfall profits, environmental (including taxes under section 59A of the Code), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated or escheat, whether computed on a separate or consolidated, unitary or combined basis or in any other manner, including any interest, penalty or addition thereto, whether disputed or not and (ii) any item described in clause (i) for which a taxpayer is liable as a transferee or successor, by reason of the regulations under section 1502 of the Code or any similar Law, or by Contract, indemnity or otherwise.

"Tax Return" means all returns, declarations, reports, estimates, information returns and statements required to be filed with or otherwise supplied to a Governmental Body in respect of any Taxes, including any amendment thereof and any attachment thereto.

"Technology" means, collectively, all designs, formulae, algorithms, procedures, methods, techniques, ideas, know-how, research and development, technical data, programs, subroutines, tools, materials, specifications, processes, inventions (whether patentable or unpatentable and whether or not reduced to practice), apparatus, creations, improvements, works of authorship and other similar materials, and all recordings, graphs, drawings, reports, analyses, and other writings, and other tangible embodiments of the foregoing, in any form whether or not specifically listed herein, and all related technology, that are used in, incorporated in, embodied in, displayed by or related to, or are used or useful in the design, development, reproduction, maintenance or modification of, any of the Products.

"Term B-1 Lender" means KKR Credit Advisors (US) LLC, on behalf certain of its managed funds, accounts and its affiliates holding a Term B-1 Loan.

"Term B-2 Lender" means GACP Finance Co., LLC, on behalf of itself and certain of its managed funds, accounts and its affiliates holding a Term B-2 Loan.

"Term B-1 Loan" means any loan extended by the Term B-1 Lender under the Term Loan Agreement.

"Term B-2 Loan" means any loan extended by the Term B-2 Lender under the Term Loan Agreement.

"Term B-1 Loan Obligations" means, as of any date of determination, the aggregate amount of the obligations then outstanding and owing to the Term B-1 Lender with respect to all Term B-1 Loans under the Term Loan Agreement and the other Term Loan Documents.

"Term B-2 Loan Obligations" means, as of any date of determination, the aggregate amount of the obligations then outstanding and owing to the Term B-2 Lender with respect to all Term B-2 Loans under the Term Loan Agreement and the other Term Loan Documents.

"Term Loan Agreement" means that certain Amended and Restated Loan and Security Agreement, dated as of July 12, 2016 (as amended or otherwise modified from time to time), by and among Holdings, the Company, certain Subsidiaries of the Company from time to time party thereto, the lenders from time to time party thereto and the Term Loan Agent.

"Term Loan Documents" means the "Loan Documents" as defined in the Term Loan Agreement.

"Transactions" means the transactions contemplated by this Agreement.

"WARN Act" means the Worker Adjustment and Retraining Notification Act (29 USC § 2101 et seq.) and any similar Law.

Section 1.2 Terms Defined Elsewhere in this Agreement. For purposes of this Agreement, the following terms have meanings set forth in the Sections indicated:

Term	**Section**
Agreement	Preamble
Antitrust Division	Section 8.3(a)
Antitrust Laws	Section 8.3(b)
Asset Acquisition Statement	Section 11.3
Asset Sale	Recitals
Assumed Liabilities	Section 2.3
Auction	Section 7.4
Audited Financial Statements	Section 5.15
Avoidance Actions	Section 2.2(l)
Bankruptcy Cases	Recitals
Bankruptcy Code	Recitals
Bankruptcy Court	Recitals
Business	Recitals
Closing	Section 4.1
Closing Cash Shortfall	Section 3.1(a)(iii)
Closing Date	Section 4.1
Collective Bargaining Agreement	Section 5.11(c)
Company	Preamble
Competing Bid	Section 7.2
Confidentiality Agreement	Section 8.4
Credit Bid Amount	Section 3.1(a)(iv)
Designated Purchaser	Section 2.8
Direction Letter	Section 12.12
Disclosure Schedules	ARTICLE V
Employee Benefit Plans	Section 5.10(a)
Environmental Defect Property	Section 8.9(a)

Term	**Section**
Excluded Assets	Section 2.2
Excluded Liabilities	Section 2.4
Expense Reimbursement	Section 7.1
FTC	Section 8.3(a)
Form I-9	Section 9.1(b)
Group Financial Statements	Section 5.15
Hiring Date	Section 9.1(c)
Holdings	Preamble
Licensed Intellectual Property	Section 5.8(a)
Material Contracts	Section 5.9(a)
MEA	Section 8.14
Medline	Section 8.14
Medline Agreements	Section 8.14
Multiemployer Plan	Section 5.10(a)
New Collective Bargaining Agreement	Section 9.1(g)
Necessary Consent	Section 2.5
Offered Employees	Section 9.1(b)
Other Term Loan Repayment Amount	Section 3.1(a)(ii)
Outside Date	Section 4.4(a)
Parties	Preamble
Party	Preamble
Personal Property Leases	Section 5.7
Petition Date	Recitals
Phase-Out Period	Section 8.7
Purchase Price	Section 3.1(a)(v)
Purchased Assets	Section 2.1
Purchased Leased Real Property	Section 5.6(a)
Purchased Owned Real Property	Section 5.6(a)
Purchased Real Property Leases	Section 5.6(a)
Purchaser	Preamble
Purchaser Documents	Section 6.2
Purchaser Plans	Section 9.2(c)
Real Property	Section 5.6(a)
Retained Cash	Section 2.2(a)
Revised Statements	Section 11.3
Seller	Preamble
Seller Documents	Section 5.2
Seller Intellectual Property	Section 5.8(a)
Sellers	Preamble
Sellers Marks	Section 8.7
Senior Loan Repayment Amount	Section 3.1(a)(i)
Settlement Agreements	Section 9.1(h)
Term B-2 Loan Repayment Amount	Section 3.1(a)(ii)
Term Loan Agent	Preamble
Transaction Document	Section 12.2

Term	**Section**
Transfer Taxes	Section 11.1
Transferred Employees	Section 9.1(b)
Unaudited Financial Statements	Section 5.15

Section 1.3 Other Definitional and Interpretive Matters. Unless otherwise expressly provided, for purposes of this Agreement, the following rules of interpretation shall apply:

(a) Calculation of Time Period. When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a non-Business Day, the period in question shall end on the next succeeding Business Day. References herein to "as of the date hereof," "as of the date of this Agreement" or words of similar import will be deemed to mean "as of the date of the execution and delivery of this Agreement."

(b) Dollars. Any reference in this Agreement to $ shall mean U.S. dollars.

(c) Exhibits/Schedules. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any matter or item disclosed on one Schedule shall be deemed to have been disclosed on each other Schedule; provided that the relevance to such other Schedule is reasonably apparent on its face. Any capitalized terms used in any Schedule or Exhibit but not otherwise defined therein shall be defined as set forth in this Agreement.

(d) Gender and Number. Any reference in this Agreement to gender shall include all genders, and words imparting the singular number only shall include the plural and vice versa, in each case, as the context requires.

(e) Headings. The provision of a Table of Contents, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in construing or interpreting this Agreement. All references in this Agreement to any Article, Section, paragraph, clause or subclause are to the corresponding Article, Section paragraph, clause or subclause of this Agreement unless otherwise specified. All references in this Agreement to any Schedule are to the corresponding Schedule.

(f) Herein. The words such as "herein," "hereinafter," "hereof," and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless otherwise stated.

(g) Including. The word "including" or any variation thereof means "including, without limitation" and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.

(h) Or. The use of the word "or" herein shall be disjunctive but not exclusive.

(i) If. The use of the word "if" and other words of similar import shall be deemed in each case to be followed by the phrase "and only if."

(j) Successors. References herein to a "Person" are also to its successors and permitted assigns; provided that nothing contained in this Section 1.3 is intended to authorize any assignment or transfer not otherwise permitted by this Agreement. Any reference herein to a "Governmental Body" shall be deemed to include reference to any successor thereto.

(k) Law. References herein to any Law shall be deemed to refer to such Law as amended, modified, codified, reenacted, replaced, supplemented or superseded in whole or in part and in effect from time to time, including any successor legislation thereto, and also to all rules and regulations promulgated thereunder, and references to any section or other provision of a Law means that section or provision of such Law in effect from time to time and constituting the substantive amendment, modification, codification, reenactment, replacement or supplement of such section or other provision.

(l) Each Party acknowledges and agrees that the specification of any dollar amount in the representations, warranties, or covenants contained in this Agreement is not intended to imply that such amounts or higher or lower amounts are or are not material, and no Party shall use the fact of the setting of such amounts in any dispute or controversy among the Parties as to whether any obligation, item, or matter is or is not material.

(m) References in this Agreement to materials or information "furnished to Purchaser" and other phrases of similar import include all materials or information made available to Purchaser or its Representatives (as defined in the Confidentiality Agreement) in the data room prepared by Sellers or provided to Purchaser or its Representatives in response to requests for materials or information.

(n) The Parties have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement.

ARTICLE II

PURCHASE AND SALE OF ASSETS; ASSUMPTION OF LIABILITIES

Section 2.1 Purchase and Sale of Assets. On the terms and subject to the conditions set forth in this Agreement, at the Closing, Purchaser shall, or shall cause the relevant Designated Purchaser to, purchase, acquire and accept from Sellers, and each Seller shall sell, transfer, assign, convey and deliver to Purchaser or Designated

Purchasers, free and clear of all Liens (other than Permitted Liens), all of such Seller's right, title and interest in, to and under the Purchased Assets. "Purchased Assets" shall mean all of the assets owned, leased, licensed, used or held for use by Sellers as of the Closing, to the extent related to the Business, other than the Excluded Assets, including the following:

(a) all Inventory;

(b) all deposits (including customer deposits and security deposits for rent, electricity, telephone or otherwise) and prepaid charges and expenses of Sellers made in connection with the Business other than any deposits or prepaid charges and expenses paid in connection with or relating to any Excluded Assets;

(c) all rights of Sellers under each Purchased Real Property Lease which is a Purchased Contract, together with all improvements, fixtures and other appurtenances thereto and rights in respect thereof;

(d) all rights of Sellers with respect to the Purchased Owned Real Property, together with all facilities, improvements, fixtures and other appurtenances thereto and rights in respect thereof and all servitudes, easements, rights-of-way, other surface use agreements, and water use agreements to the extent used in connection with the Business;

(e) the Furniture and Equipment;

(f) the Purchased Intellectual Property;

(g) the Purchased Contracts;

(h) all Documents that are used in, held for use in or intended to be used in, or that arise primarily out of, the Business, including Documents relating to Products, services, marketing, advertising, promotional materials, Purchased Intellectual Property, personnel files for Transferred Employees and all files, customer files and documents (including credit information), supplier lists, records, literature and correspondence, accounting information, copies of Tax Returns related to the Purchased Assets, whether or not physically located on any of the premises referred to in clause (d) above, but excluding (i) personnel files for Employees of Sellers who are not Transferred Employees, (ii) such files as may be required under applicable Law regarding privacy, (iii) Documents which Sellers are not permitted to transfer pursuant to any contractual confidentiality obligation owed to any third party, and (iv) any Documents primarily related to or are required to realize the benefits of any Excluded Assets; provided that Sellers shall have continued access to such Documents as are reasonably necessary to administer the Bankruptcy Cases and Sellers may retain copies of any Documents;

(i) all Permits used or held for use by Sellers in the Business, to the extent assignable;

(j) all rights of Sellers under non-disclosure or confidentiality, non-compete, non-solicitation or similar agreements with employees and agents of Sellers or with third parties to the extent relating to the Business or the Purchased Assets (or any portion thereof);

(k) all rights of Sellers under or pursuant to all warranties, representations, guarantees and similar rights related to any Purchased Assets, including warranties and guarantees made by suppliers, manufacturers and contractors under the Purchased Assets and claims against suppliers and other third parties in connection with the Purchased Contracts, in each case, to the extent assignable, other than any warranties, representations and guarantees pertaining to any Excluded Assets or rights and defenses pertaining to any Excluded Liabilities;

(l) all goodwill and other intangible assets associated with the Business, including customer and supplier lists and the goodwill associated with the trademarks included in the Purchased Intellectual Property;

(m) all cash, cash equivalents, bank deposits or similar cash items of Sellers other than the Retained Cash;

(n) all accounts receivable related to the Business;

(o) all post-petition adequate assurance deposits provided to utilities and any deposits provided to suppliers or service providers to Sellers on a pre-petition or post-petition basis; and

(p) any net insurance proceeds received or to be received in respect of any Purchased Assets.

Section 2.2 Excluded Assets. Nothing herein contained shall be deemed to sell, transfer, assign or convey the Excluded Assets to Purchaser or Designated Purchasers, and Sellers shall retain all right, title and interest to, in and under the Excluded Assets. "Excluded Assets" shall mean the following, and only the following, assets, properties, interests and rights of Sellers:

(a) all cash, cash equivalents, bank deposits and similar cash items of Sellers, in an aggregate amount not to exceed Sellers Wind Down Expenses (collectively, the "Retained Cash");

(b) all of Sellers' deposits or prepaid charges and expenses paid solely in connection with, specifically allocated to, or solely relating to, any Excluded Assets;

(c) all Excluded Contracts, including any accounts receivable arising out of or in connection with any Excluded Contracts to the extent such accounts receivable have not been collected prior to Closing;

(d) all Intellectual Property rights of Sellers, other than the Purchased Intellectual Property;

(e) all (i) other books and records that Sellers are required by Law to retain, including Tax Returns, financial statements, and corporate or other entity filings; (ii) minute books, stock ledgers and stock certificates of Sellers and (iii) documents relating to proposals to acquire the Business by Persons other than Purchaser; provided, however, that in the case of the foregoing clauses (i) and (ii), Sellers shall provide Purchaser with copies of any such retained books, records, information, certificates and documents that relate to the Business or any of the Purchased Assets;

(f) all claims, rights or interests of Sellers in or to any refund, deposit, prepayment, credit, rebate, abatement or other recovery for Taxes, together with any interest due thereon or penalty rebate arising therefrom, and any other Tax assets of Sellers (including any Tax attributes), in each case, for any Tax period (or portion thereof) ending on or before the Closing Date;

(g) (i) all insurance policies and (ii) to the extent attributable to or otherwise relating solely to the Excluded Assets, rights to proceeds thereof;

(h) all capital stock and other equity interests of any Seller;

(i) all of Sellers' rights under this Agreement and the other agreements entered into among the Parties in connection with the Transactions;

(j) any Environmental Defect Property that Purchaser elects to exclude from the Purchased Assets pursuant to Section 8.9(a);

(k) the Excluded Owned Property;

(l) all avoidance actions or similar causes of action arising under sections 544 through 553 of the Bankruptcy Code, including any proceeds thereof (collectively, the "Avoidance Actions"); and

(m) assets, properties, interests and rights of Sellers set forth in Schedule 2.2(m).

Section 2.3 Assumption of Liabilities. On the terms and subject to the conditions set forth in this Agreement, at the Closing, Purchaser shall, or shall cause the Designated Purchasers to, assume, effective as of the Closing, and shall timely perform and discharge in accordance with their respective terms, the following and only the following Liabilities of Sellers existing as of the Closing Date (collectively, the "Assumed Liabilities"):

(a) all Liabilities relating to the ownership and operation of the Purchased Assets by Purchaser, including Liabilities under the Purchased Contracts, in each case solely to the extent arising on or after the Closing Date and, with respect to the Purchased Contracts, except for such Liabilities that are satisfied or discharged by payment of cure amounts pursuant to Section 2.6(c);

(b) all Transfer Taxes applicable to the transfer of the Purchased Assets pursuant to this Agreement;

(c) all Liabilities under the New Collective Bargaining Agreements, solely to the extent arising on or after the Closing Date; and

(d) those Liabilities set forth in Schedule 2.3(d).

Section 2.4 Excluded Liabilities. Notwithstanding anything to the contrary set forth herein, Purchaser shall not assume and shall be deemed not to have assumed, and Sellers shall be solely and exclusively liable with respect to, all Liabilities of Sellers other than the Assumed Liabilities (collectively, the "Excluded Liabilities"). For the avoidance of doubt, and without limiting the forgoing, Purchaser shall not be obligated to assume, and does not assume, and hereby disclaims, all of the Excluded Liabilities, including all of the following Liabilities of any Seller (each of which shall constitute an Excluded Liability hereunder):

(a) all Liabilities arising out of or relating to the Business, the Purchased Assets or the ownership, operation or conduct by Sellers thereof prior to the Closing, except those Liabilities set forth in Schedule 2.3(d);

(b) all Liabilities for accrued expenses and accounts payable of the Business, except to the extent arising on or after the Petition Date and included in Assumed Liabilities under Section 2.3(a) or item #3 of Schedule 2.3(d);

(c) all Liabilities arising out of Excluded Assets, including Contracts that are not Purchased Contracts and any Environmental Defect Property that Purchaser elects to exclude from the Purchased Assets pursuant to Section 8.9(a);

(d) all Environmental Liabilities, based on facts, occurrences or conditions (i) first arising or existing prior to the Closing, or (ii) arising at any time at any properties other than the Real Property; provided that nothing in this Agreement shall (A) release, nullify, or enjoin the enforcement of any Liability to a Governmental Body under Environmental Laws (or any associated liabilities for penalties, damages, cost recovery, or injunctive relief) that any entity would be subject to as the owner, lessor, lessee, or operator of any Real Property after the Closing, or (B) in any way diminish the obligations of Sellers to comply with Environmental Laws consistent with their rights and obligations as debtors in possession under the Bankruptcy Code;

(e) all Liabilities relating to any claims for infringement, dilution, misappropriation or any other violation of the rights of any third parties by any Seller prior to the Closing or caused by use of the Purchased Intellectual Property by a Seller prior to the Closing;

(f) except as otherwise provided in Section 2.3(b) and Article XI, all Liabilities for Taxes of Sellers and all Liability for Taxes in respect of the Purchased Assets that are attributable to any period, or portion thereof, before the Closing Date;

(g) all Excluded Employee Liabilities;

(h) all Liabilities relating to amounts required to be paid by Sellers hereunder;

(i) all Liabilities arising as a result of any Legal Proceedings, whether initiated prior to or following the Closing, to the extent related to the Business or the Purchased Assets prior to the Closing, including any actions for breach of contract, product liability or any tort actions;

(j) all Liabilities arising under any Indebtedness of any Seller or any obligations or Liabilities to equityholders of any Seller;

(k) all Liabilities with respect to any costs, fees and expenses (including all legal, accounting, financial advisory, valuation, investment banking and other third party advisory or consulting fees and expenses) incurred by or on behalf of any Seller in connection with or arising from the Bankruptcy Cases or the Transactions, the Ancillary Agreements and each other agreement, document or instrument contemplated hereby or thereby;

(l) all Liabilities (i) existing prior to the filing of the Bankruptcy Cases that are subject to compromise under the Bankruptcy Code and (ii) to the extent not otherwise expressly assumed herein, incurred subsequent to the filing of the Bankruptcy Cases and prior to the Closing;

(m) all Liabilities and obligations of any Seller under this Agreement, the Ancillary Agreements and each other agreement, document or instrument contemplated hereby or thereby or any Contract entered into in connection herewith or therewith; and

(n) all Liability, warranty and similar claims for damages or injury to person or property and all other Liabilities, regardless of when made or asserted, to the extent arising out of or incurred in connection with the conduct of the Business, before the Closing.

Section 2.5 Non-Assignment of Assets. Notwithstanding any other provision of this Agreement to the contrary, this Agreement shall not constitute an agreement to assign or transfer and shall not effectuate the assignment or transfer of any Purchased Asset if (i) an attempted assignment or transfer thereof, without the approval, authorization or consent of, or granting or issuance of any license or permit by, any third party thereto or a Governmental Body (each such action, a "Necessary Consent"), would constitute a breach, default or violation thereof or of any Law or Order and (ii) the Bankruptcy Court has not entered an Order providing that such Necessary Consent is not required. In such event, such assignment or transfer is subject to such Necessary Consent being obtained, and Sellers shall use their commercially reasonable efforts to obtain the Necessary Consents with respect to any such Purchased Asset or any claim or right or any benefit arising thereunder for the assignment or transfer thereof to Purchaser or Designated Purchasers as Purchaser may reasonably request. For the avoidance of doubt, any asset that would be a Purchased Asset but is not assigned in accordance with this Section 2.5 shall not be considered a "Purchased Asset" for purposes hereof, unless and until such asset is assigned to Purchaser following the Closing Date upon receipt of the Necessary Consent and Bankruptcy Court approval. If such Necessary Consent is not obtained, or if an attempted assignment or transfer thereof would be ineffective, Sellers shall cooperate with Purchaser or Designated Purchasers in any reasonable arrangement to provide for Purchaser or Designated Purchasers to obtain the benefits and assume the obligations thereunder in accordance with this Agreement, including subcontracting, sub-licensing, or sub-leasing to Purchaser, or under which the applicable Seller would enforce for the benefit of Purchaser or Designated Purchasers all of their rights thereunder; provided, that Purchaser shall reimburse the applicable Seller(s) for any reasonable and documented out-of-pocket expenses incurred by such Seller(s) in connection with such arrangement or enforcement.

Section 2.6 Contract Designation; Cure Amounts.

(a) Schedule 2.6(a) sets forth each Executory Contract and Sellers' good faith estimate of the amount of the cure amounts payable in respect of each such Executory Contract (and if no cure amount is estimated to be payable in respect of any particular Executory Contract, the amount of such cure amount designated for such Contract shall be "$0.00"). On the date that is no later than fourteen (14) days prior to the Sale Hearing, Sellers shall deliver a notice in a form reasonably acceptable to Purchaser of the proposed assignments of the Executory Contracts and the proposed cure amounts for each Executory Contract to all non-debtor parties of Executory Contracts, which notice shall notify each non-debtor party of (i) the proposed cure amount for such Executory Contract and (ii) an objection deadline for such non-debtor party to object to the proposed cure amount. To the extent that any objections are received from such non-debtor parties in response to such notice, Sellers and Purchaser shall use their commercially reasonable efforts to resolve such disputes with the applicable non-debtor party. Notwithstanding anything herein to the contrary, at any time prior to the date that is five (5) days after the judicial or non-judicial (i.e., by agreement) resolution of any dispute with a non-debtor party to an Executory Contract relating to cure amount or adequate assurance with respect to any particular Executory Contract as to which a cure objection has been timely filed, Purchaser shall be entitled, in its sole discretion, to add any Executory Contract to the schedule of Excluded Contracts on Schedule 1.1(a) and remove such Executory Contract from the schedule of Purchased Contracts on Schedule 1.1(d) by providing notice thereof to Sellers, and any Executory Contract so added shall be deemed to be an "Excluded Contract" and shall not be deemed to be a "Purchased Contract" for all purposes hereunder without further action by the parties.

(b) Sellers shall give notice to Purchaser, prior to the submission by any Seller of any motion in the Bankruptcy Cases, to assume or reject any Contract related to the Business together with a copy of the proposed Order authorizing the assumption or rejection of such Contract; provided that in no event shall any Seller seek to reject, or reject, any Contract related to the Business prior to the Closing Date, unless prior written approval has been obtained from Purchaser.

(c) At Closing and pursuant to section 365 of the Bankruptcy Code and the Sale Order, Sellers shall assume and assign to Purchaser, and Purchaser shall assume from Sellers, the Purchased Contracts, Personal Property Leases and Purchased Real Property Leases. The cure amounts, as determined by the Bankruptcy Court, if any, necessary to cure any monetary defaults required to be cured under section 365(b)(1) of the Bankruptcy Code or otherwise to effectuate, pursuant to the Bankruptcy Code, assumption by Sellers and assignment to Purchaser of the Purchased Contracts, Personal Property Leases and Purchased Real Property Leases, shall be paid by Purchaser, on or before the Closing and not by Sellers and Sellers shall have no Liability therefor.

(d) Notwithstanding anything to the contrary herein, Purchaser may from time to time prior to the Closing in its sole discretion designate any Purchased Contract as an Excluded Contract by providing notice thereof to Sellers. Such Contract (i) shall be added to the schedule of Excluded Contracts on Schedule 1.1(a) and, to the extent applicable, removed from the schedule of Purchased Contracts on Schedule 1.1(d) and (ii) shall be deemed to be an "Excluded Contract" and shall not be deemed to be a "Purchased Contract," for all purposes hereunder, in each case, without further action by the parties and Sellers shall have no Liability therefor.

Section 2.7 Further Conveyances and Assumptions. From time to time following the Closing, Sellers and Purchaser shall, and shall cause their respective Affiliates to, execute, acknowledge and deliver all such further conveyances, notices, assumptions, assignments, releases and other instruments, and shall take such further actions, as may be reasonably necessary or appropriate to assure fully to Purchaser and its respective successors or assigns, all of the properties, rights, titles, interests, estates, remedies, powers and privileges intended to be conveyed to Purchaser or Designated Purchasers under this Agreement and to assure fully to each Seller and its Affiliates and their successors and assigns, the assumption of the liabilities and obligations intended to be assumed by Purchaser or Designated Purchasers under this Agreement, and to otherwise make effective the Transactions; provided, that nothing in this Section 2.7 shall require Purchaser, any Designated Purchaser or any of their respective Affiliates to assume any Liabilities of Sellers other than the Assumed Liabilities.

Section 2.8 Assignment to Affiliates of Purchaser. Prior to the Closing, Purchaser shall have the right to assign its rights to receive all or any part of the Purchased Assets and its obligations to assume all or any part of the Assumed Liabilities, in each case to one or more Affiliates of Purchaser (each, a "Designated Purchaser"), by providing notice to the Company, and each such Designated Purchaser shall be deemed to be a Purchaser for all purposes hereunder and under the Ancillary Agreements, except that no such assignment shall relieve Purchaser of any of its covenants or obligations hereunder.

Section 2.9 Bulk Sales Laws. Purchaser hereby waives compliance by Sellers with the requirements and provisions of any "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the sale and transfer of any or all of the Purchased Assets to Purchaser.

ARTICLE III

CONSIDERATION

Section 3.1 Consideration.

(a) The aggregate consideration for the Purchased Assets shall consist of the following:

(i) Purchaser shall pay, or cause to be paid (x) to the Prepetition Senior Agent, for the benefit of the Prepetition Senior Secured Parties, an aggregate amount in cash equal to the Prepetition Senior Obligations outstanding under the Prepetition Senior Loan Documents as of the Closing Date and (y) to the DIP Senior Agent, for the benefit of the DIP Senior Secured Parties, an aggregate amount in cash equal to the DIP Senior Obligations outstanding under the DIP Senior Loan Documents as of the Closing Date (amounts referred to in clauses (x) and (y) above, collectively, the "Senior Loan Repayment Amount");

(ii) Purchaser shall pay, or cause to be paid, (x) to the Term Loan Agent, for the benefit of the Term B-2 Lender, an aggregate amount in cash equal to the Term B-2 Loan Obligations outstanding under the Term Loan Documents as of the Closing Date (the "Term B-2 Loan Repayment Amount"), and (y) to the Term Loan Agent, for its own benefit, an aggregate amount in cash equal to the Other Term Loan Obligations outstanding under the Term Loan Agreement as of the Closing Date (the "Other Term Loan Repayment Amount");

(iii) Purchaser shall pay, or cause to be paid, to Sellers, an aggregate amount of cash equal to the excess, if any, of (A) Sellers Wind Down Expenses minus (B) the Retained Cash (such excess, the "Closing Cash Shortfall");

(iv) The Term Loan Agent, pursuant to the terms of this Agreement and the Term Loan Agreement and at the direction of the Required Lenders, shall, for the benefit of the Term B-1 Lender, discharge and release a portion of the Term B-1 Loan Obligations, and credit Sellers with the satisfaction of the same, in an amount equal to $17,400,000 (as may be increased pursuant to Section 3.1(b), the "Credit Bid Amount"); and

(v) The assumption of the Assumed Liabilities by Purchaser (the assumption of such Assumed Liabilities, together with the Senior Loan Repayment Amount, the Term B-2 Loan Repayment Amount, the Other Term Loan Repayment Amount, the Closing Cash Shortfall, if any, and the Credit Bid Amount shall constitute the "Purchase Price").

(b) At any time and from time to time until the Auction Date, the Term Loan Agent and/or Purchaser, as applicable, shall, at the written direction of the Required Lenders in their sole discretion, adjust the Purchase Price by (i) increasing the

Credit Bid Amount by up to the full amount of the Term B-1 Loan Obligations, (ii) paying additional cash consideration and/or (iii) assuming additional Liabilities. In the event of any of the foregoing, the Parties agree to amend this Agreement to make such changes and modifications to this Agreement as are necessary to effectuate the foregoing.

(c) For the avoidance of doubt, there will be no adjustments to the aggregate Purchase Price for any assets excluded from the Purchased Assets prior to the Closing Date pursuant to Section 8.9(a) due to any Environmental Defects.

ARTICLE IV

CLOSING AND TERMINATION

Section 4.1 Closing Date. Subject to the satisfaction of the conditions set forth in Section 10.1, Section 10.2 and Section 10.3 (or the waiver thereof by the Party entitled to waive any such condition), the closing of the purchase and sale of the Purchased Assets and the assumption of the Assumed Liabilities provided for in Article II (the "Closing") shall take place at the offices of Weil, Gotshal & Manges LLP located at 767 Fifth Avenue, New York, New York (or at such other location as Sellers and Purchaser may designate in writing) at 10:00 a.m. (eastern time) on the date that is two (2) Business Days following the satisfaction or waiver in writing of the conditions set forth in Article X (other than conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions), unless another time or date, or both, are agreed to in writing by Sellers and Purchaser. The date on which the Closing shall be held is referred to in this Agreement as the "Closing Date."

Section 4.2 Deliveries by Sellers. At the Closing, Sellers shall deliver, or cause to be delivered, to Purchaser or Designated Purchasers:

(a) a duly executed bill of sale in the form attached hereto as Exhibit C;

(b) a duly executed assignment and assumption agreement in the form attached hereto as Exhibit D;

(c) duly executed limited warranty deeds transferring fee simple title to the Purchased Owned Real Property to Purchaser, in form and substance reasonably satisfactory to Purchaser;

(d) affidavits and indemnities in customary form and delivered by one or more Sellers, as reasonably required by Purchaser's title insurer to induce such insurer to issue owner's policies of title insurance for the Purchased Owned Real Property or any portion thereof including fee title to the applicable Purchased Owned Real Property subject only to Permitted Liens and containing or accompanied by such affirmative insurance and endorsements as Purchaser shall reasonably request;

(e) the officer's certificates required to be delivered pursuant to Section 10.1(a) and Section 10.1(b);

(f) certificates executed by each Seller that such Seller is not a foreign person within the meaning of section 1445(f)(3) of the Code, which certificates shall set forth all information required by, and otherwise be executed in accordance with, Treasury Regulation section 1.1445-2(b)(2); and

(g) all other deeds, endorsements, assignments and other instruments of conveyance and transfer, in form and substance reasonably acceptable to Purchaser that Purchaser may reasonably request to convey and assign the Purchased Assets to Purchaser or Designated Purchasers and vest title therein in Purchaser or Designated Purchasers (in each case free and clear of all Liens other than Permitted Liens).

Section 4.3 Deliveries by Purchaser. At the Closing, Purchaser shall deliver, or cause to be delivered, to Sellers:

(a) evidence reasonably satisfactory to Sellers of the release and satisfaction of the Term B-1 Loan Obligations in an amount equal to the Credit Bid Amount (as adjusted pursuant to the terms of Article III);

(b) the Closing Cash Shortfall and, to the extent applicable, any additional cash consideration owed in connection with an increase in the Purchase Price pursuant to the terms of Article III, by wire transfer of immediately available funds to accounts designated in writing by Sellers respectively, together with evidence thereof reasonably satisfactory to Sellers;

(c) the Senior Loan Repayment Amount, the Term B-2 Loan Repayment Amount and the Other Term Loan Repayment Amount, by wire transfer of immediately available funds to accounts designated in writing by the Prepetition Senior Agent, the DIP Senior Agent and the Term Loan Agent, as applicable;

(d) a duly executed bill of sale in the form attached hereto as Exhibit C;

(e) a duly executed assignment and assumption agreement in the form attached hereto as Exhibit D;

(f) in accordance with the terms of the Direction Letter, a release letter duly executed by the Term Loan Agent authorizing the release of the Term Loan Agent's Lien on and security interest in the Purchased Assets, which release letter shall be in form and substance reasonably acceptable to the Term Loan Agent and Sellers;

(g) such other assignments and other instruments of assumption and transfer, in form and substance reasonably satisfactory to Sellers and Purchaser, as Sellers may reasonably request to credit bid the Credit Bid Amount and transfer and assign the Assumed Liabilities to Purchaser or Designated Purchasers; and

(h) the officer's certificate required to be delivered pursuant to Section 10.2(a) and Section 10.2(b).

Section 4.4 Termination of Agreement. This Agreement may be terminated prior to the Closing as follows:

(a) by Purchaser or Sellers, upon prior notice to the other party, if the Closing shall not have occurred by the close of business on the 90th calendar day following the date hereof (the "Outside Date"); provided that, if the Closing shall not have occurred on or before the Outside Date due to a material breach of any representations, warranties, covenants or agreements contained in this Agreement by Purchaser or Sellers, then the breaching Party may not terminate this Agreement pursuant to this Section 4.4(a);

(b) by mutual written consent of Sellers and Purchaser;

(c) by Purchaser, if there shall be a breach by Sellers of any representation or warranty, or any covenant or agreement contained in this Agreement which would result in a failure of a condition set forth in Section 10.1 or Section 10.3 and which breach cannot be cured or has not been cured by the earlier of (i) ten (10) Business Days after the giving of notice by Purchaser to Sellers of such breach and (ii) the Outside Date;

(d) by Sellers, if there shall be a breach by Purchaser of any representation or warranty, or any covenant or agreement contained in this Agreement which would result in a failure of a condition set forth in Section 10.2 or Section 10.3 and which breach cannot be cured or has not been cured by the earlier of (i) ten (10) Business Days after the giving of notice by Sellers to Purchaser of such breach and (ii) the Outside Date;

(e) by Sellers or Purchaser, if there shall be in effect a final nonappealable Order of a Governmental Body of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the Transactions;

(f) by Sellers or Purchaser, if: (i) (x) Sellers enter into a definitive agreement with respect to a Competing Bid, (y) the Bankruptcy Court enters an order approving a Competing Bid, and (z) the Person making such Competing Bid consummates the Competing Bid; or (ii) the Bankruptcy Court enters an order that otherwise precludes the consummation of the Transactions on the terms and conditions set forth in this Agreement, subject to the limitations set forth in the Bidding Procedures Order and Section 7.4;

(g) by Purchaser, if the Bidding Procedures Order is not entered within thirty (30) days following the Petition Date;

(h) by Purchaser, if the Sale Order is not entered within sixty (60) days after the Bidding Procedures Order is entered by the Bankruptcy Court;

(i) by Purchaser, if, prior to the Closing, Sellers' Bankruptcy Cases are converted into cases under chapter 7 of the Bankruptcy Code or dismissed, or if a trustee is appointed in the Bankruptcy Cases;

(j) automatically, if a Competing Bid is consummated;

(k) by Sellers, if Purchaser has not confirmed in writing to Sellers prior to the bid deadline (as set forth in the Bidding Procedures Order) that the condition to closing set forth in Section 10.1(e) has been satisfied or waived by Purchaser;

(l) by Sellers, if the board of directors of each Seller determines, in good faith after consultation with outside counsel, that its continued performance under, or consummating the transactions contemplated by, this Agreement would be inconsistent with its fiduciary duties under applicable Law; provided, that no such termination shall be effective unless Sellers have delivered written notice of such termination to Buyer at least three (3) days prior to the effective date of such termination;

(m) by Sellers, if Purchaser has not delivered to Sellers copies of the executed Debt Commitment Letters prior to the bid deadline (as set forth in the Bidding Procedures Order); and

(n) by Purchaser if Purchaser is neither the winning bidder at the Auction nor named the Back-up Bidder.

Section 4.5 Procedure Upon Termination. In the event of termination by Purchaser or Sellers, or both, pursuant to Section 4.4, notice thereof shall forthwith be given to the other Party or Parties and to the DIP Senior Agent, and this Agreement shall terminate, and the purchase of the Purchased Assets hereunder shall be abandoned, without further action by Purchaser or Sellers. If this Agreement is terminated as provided herein, each Party shall redeliver all documents, work papers and other material of any other party relating to the Transactions, whether so obtained before or after the execution hereof, to the Party furnishing the same as soon as reasonably practicable following termination.

Section 4.6 Effect of Termination.

(a) In the event that this Agreement is validly terminated as provided herein, then each of the Parties shall be relieved of its duties and obligations arising under this Agreement after the date of such termination and such termination shall be without Liability to Purchaser or Sellers; provided, however, Section 7.1, Article I (to the extent relevant to Sections 4.6, 7.1 and Article XII), Article XII, and this Section 4.6 shall survive any such termination and shall be enforceable hereunder.

(b) Sellers shall owe to Purchaser the Expense Reimbursement upon the termination of this Agreement (other than termination pursuant to Section 4.4(d)) and shall pay such Expense Reimbursement by wire transfer of immediately available funds promptly (but in no event later than the next Business Day) after the later to occur of (x) any such termination and (y) the repayment or discharge of all Prepetition Senior Obligations and DIP Senior Obligations.

(c) Nothing in this Section 4.6 shall relieve Purchaser or any Seller of any Liability for a breach of this Agreement prior to the date of termination or for fraudulent or criminal acts, the remedies of which shall not be limited by the provisions of this Agreement.

(d) The Confidentiality Agreement shall survive any termination of this Agreement and nothing in this Section 4.6 shall relieve Purchaser or Sellers of their obligations under the Confidentiality Agreement.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF SELLERS

Except as set forth on the schedules delivered to Purchaser prior to execution of this Agreement (the "Disclosure Schedules"), Sellers hereby represent and warrant to Purchaser that, as of the date of this Agreement:

Section 5.1 Organization and Good Standing. Each Seller is an entity duly organized, validly existing and in good standing under the laws of the State of its organization and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business (including the Business) as now conducted. Each Seller is, subject to the necessary authority from the Bankruptcy Court, duly qualified or authorized to do business and is in good standing under the laws of each jurisdiction in which it owns or leases real property or in which the conduct of its business (including the Business) or the ownership of its properties requires such qualification or authorization, except where the failure to be so qualified, authorized or in good standing would not be reasonably expected to result in a Material Adverse Effect.

Section 5.2 Authorization of Agreement. Except for such authorization as is required by the Bankruptcy Court (as hereinafter provided for), each Seller has all requisite power, authority and legal capacity to execute and deliver this Agreement and each Seller has all requisite power, authority and legal capacity to execute and deliver each other agreement, document, instrument or certificate contemplated by this Agreement to which it is a party or to be executed by Sellers in connection with the consummation of the Transactions (the "Seller Documents"), to perform their respective obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and the Seller Documents and the consummation of the transactions contemplated hereby and thereby have been duly authorized by each Seller. This Agreement has been, and each of the Seller Documents will be at or prior to the Closing, duly and validly executed and delivered by each Seller which is a party thereto and, assuming the due authorization, execution and delivery by the other parties hereto and thereto, the entry of the Sale Order, and, with respect to such Seller's obligations under

Section 7.1, the entry of the Bidding Procedures Order, this Agreement constitutes, and each of the Seller Documents when so executed and delivered will constitute, legal, valid and binding obligations of each Seller enforceable against each Seller in accordance with their respective terms and provisions, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

Section 5.3 Conflicts; Consents of Third Parties.

(a) None of the execution and delivery by Sellers of this Agreement or by Sellers of the Seller Documents, the consummation of the transactions contemplated hereby or thereby, or compliance by Sellers with any of the provisions hereof or thereof will conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a material benefit under, or give rise to any obligation of any Seller to make any payment under or to the increased, additional, accelerated or guaranteed rights or entitlements of any Person under, or result in the creation of any Liens (other than Permitted Liens) upon any of the Purchased Assets or cancellation under any provision of (i) the certificate of incorporation and by-laws of any Seller, (ii) subject to entry of the Bidding Procedures Order and the Sale Order, a Material Contract to which any Seller is a party or by which any of the Purchased Assets are bound, or (iii) subject to entry of the Bidding Procedures Order and the Sale Order, any Law or Order of any Governmental Body to which any Seller is subject with respect to the Purchased Assets, other than, in the case of clauses (ii) and (iii), such conflicts, violations, defaults, terminations or cancellations that would not give rise to material liabilities with respect to the Purchased Assets, taken as a whole.

(b) No consent, waiver, approval, Order, Permit or authorization of, or declaration or filing with, or notification to, any Governmental Body or Person is required on the part of Sellers in connection with the execution, delivery and performance of this Agreement or the Seller Documents and the consummation of the transactions contemplated hereby or thereby, except for (i) compliance with the applicable requirements of the HSR Act or other Antitrust Laws, (ii) the entry of the Sale Order, (iii) the entry of the Bidding Procedures Order with respect to Sellers' obligations under Section 7.1, and (iv) such other consents, waivers, approvals, Orders, authorizations, declarations, filings and notifications to any Person (other than any Governmental Body) the failure of which to obtain would not give rise to material liabilities with respect to the Purchased Assets, taken as a whole.

Section 5.4 Title to Purchased Assets. Sellers have good and valid title to, or the right to use, the tangible Purchased Assets, free and clear of all Liens (other than Permitted Liens). Pursuant to the Sale Order, Sellers will convey such title to or rights to use, all of the tangible Purchased Assets, free and clear of all Liens (other than Permitted Liens) to the fullest extent permissible by Law (including under section 363(f) of the Bankruptcy Code).

Section 5.5 Taxes.

(a) (i) Sellers have timely filed all material Tax Returns required to be filed with the appropriate Tax Authorities in all jurisdictions in which such Tax Returns are required to be filed (taking into account any extension of time to file granted or to be obtained on behalf of Sellers) and all such Tax Returns are true, correct and complete, (ii) all Taxes shown as due on such Tax Returns have been timely paid and all other material amounts of Taxes have been timely paid (in each case, other than any current Taxes not delinquent as of the date of the filing of the Bankruptcy Cases as to which subsequent payment was prohibited by reason of the Bankruptcy Cases), no audit or other proceeding by any Governmental Body is pending or threatened in writing with respect to any Taxes due from or with respect to any Seller or any of its Subsidiaries or with respect to any of the Purchased Assets, (iii) no Governmental Body has given written notice of any intention to assert any deficiency or claim for additional Taxes against any Seller or with respect to any of the Purchased Assets, which has not been paid, settled or withdrawn, (iv) no written claim has been made by any Governmental Body in a jurisdiction where a Seller does not file Tax Returns that they are or may be subject to taxation by that jurisdiction, (v) Sellers have provided to Purchaser copies of all Tax audit reports affecting the Purchased Assets or the Business that have been issued with respect to the previous five (5) taxable years of Sellers, (vi) there are no Liens for Taxes upon the assets or properties of Sellers, including the Purchased Assets, other than Permitted Liens and (vii) none of the Purchased Assets constitutes "tax exempt use property" within the meaning of section 168(h)(1) of the Code.

(b) Each Seller is not a foreign person within the meaning of Section 1445 of the Code.

Section 5.6 Real Property.

(a) Schedule 5.6(a) sets forth a complete list of (i) all real property and interests in real property owned in fee by Sellers to be acquired by Purchaser (individually, a "Purchased Owned Real Property"), and (ii) all leases, subleases, licenses or other occupancy agreements under which any Seller, as lessor or lessee, leases or otherwise occupies real property, which are Purchased Contracts (collectively, the "Purchased Real Property Leases") and the address of all real property leased by any Seller, as lessee, pursuant to a Purchased Real Property Lease (individually, a "Purchased Leased Real Property", and together with the Purchased Owned Real Property, collectively, the "Real Property").

(b) Sellers have good and valid fee title to the Purchased Owned Real Property free and clear of all encumbrances, subject only to the Permitted Liens. There are no leases, subleases, licenses, concessions, or other agreements, written or oral, granting to any Person the right of use or occupancy of any portion of such Purchased Owned Real Property. There are no condemnation or eminent domain proceedings pending or, to the Knowledge of Sellers, threatened with respect to all or any part of the Purchased Owned Real Property.

(c) Sellers have good and valid leasehold title to each Purchased Leased Real Property, free and clear of all encumbrances, subject only to the Permitted Liens. Prior to the date hereof, Purchaser either has been supplied with, or has been given access to, a true, correct and complete copy of each Purchased Real Property Lease, including all amendments, extensions, renewals, guaranties and other agreements relating to each Purchased Real Property Lease, and each Purchased Real Property Lease constitutes the entire agreement between the applicable Seller, and each landlord, tenant, subtenant or sublandlord with respect to the applicable Purchased Leased Real Properties. Subject to the Orders of the Bankruptcy Court: (i) each Purchased Real Property Lease is a valid and binding agreement of those Sellers that are party thereto, enforceable in accordance with its terms against such Sellers, and to the Knowledge of Sellers, against each other counterparty thereto; (ii) Sellers have performed, and, to the Knowledge of Sellers, each other party thereto has performed or shall perform, each term, covenant, and condition of each Purchased Real Property Lease required to be performed; (iii) Sellers have not received any written notice of any default or event that with notice or lapse of time or both would constitute a material default by a Seller under any Purchased Real Property Lease; and (iv) except for the Bankruptcy Cases, to the Knowledge of Sellers, no event has occurred that would, with the passage of time or compliance with any applicable notice requirements or both, constitute a breach, violation or default by Sellers or, to the Knowledge of Sellers, the other parties thereto, under any of the Purchased Real Property Leases, that would reasonably be expected to materially impact the operation of the Business.

Section 5.7 Tangible Personal Property. Schedule 5.7 sets forth all leases of personal property ("Personal Property Leases") involving annual payments in excess of $200,000 relating to personal property used by Sellers in the Business. No Seller has received any written notice of any default or event that with notice or lapse of time or both would constitute a default by such Seller under any of the Personal Property Leases.

Section 5.8 Intellectual Property.

(a) All Intellectual Property used in the operation of the Business (the "Seller Intellectual Property") is either Purchased Intellectual Property or is used by Sellers pursuant to a valid license Contract (the "Licensed Intellectual Property"). Sellers have taken all necessary actions to maintain and protect their rights in each item of material Purchased Intellectual Property. The Seller Intellectual Property is sufficient for Purchaser to carry on the Business from and after the Closing Date in all material respects as presently carried on by Sellers, consistent with the past practice of Sellers with respect to the Business, provided, that nothing in this Section 5.8(a) shall constitute a representation or warranty with respect to infringement or violation of any third party Intellectual Property or proprietary rights, which are the subject of Section 5.8(c).

(b) Schedule 5.8(b) sets forth a true, correct and complete list of all registered trademarks, pending applications for registration of trademarks, registered copyrights, pending applications for registration of copyrights, and domain names, in each case included in the Purchased Intellectual Property. Sellers do not own any patents or patent applications. All of the registered trademarks and copyright registrations required to be set forth in Schedule 5.8(b) are in full force and effect, have not expired or been cancelled, abandoned or otherwise terminated, and payment of all renewal and maintenance fees and expenses in respect thereof, and all filings related thereto, have been duly made and such registered trademarks and copyright registrations are, to the Knowledge of Sellers, valid.

(c) The conduct of the Business and the Purchased Intellectual Property does not, to the Knowledge of Sellers, infringe or otherwise violate any Intellectual Property or other proprietary rights of any other Person, and no claim or action is pending, has been brought in the past two (2) years, or, to the Knowledge of Sellers, is threatened, alleging any such infringement or violation or challenging Sellers' rights in or to any Seller Intellectual Property, and, to the Knowledge of Sellers, there is no existing fact or circumstance that would be reasonably expected to give rise to any such claim or action. To the Knowledge of Sellers, no Person is infringing or otherwise violating any Purchased Intellectual Property or any exclusive rights of Sellers in any Licensed Intellectual Property.

(d) To the Knowledge of Sellers, all Software material to the Business (i) is free from any material software defect, and (ii) does not contain any virus, software routine or hardware component designed to permit unauthorized access or to disable or otherwise harm any computer, systems or software, or any software routine designed to disable a computer program automatically with the passage of time or under the positive control of a Person other than an authorized licensee or owner of the Software. No Software owned by Sellers and used in the Business contains or requires use of any "open source" code, shareware or other Software that is made generally available to the public without requiring payment of fees or royalties or that does or may require disclosure or licensing of any such Software or any other Purchased Intellectual Property.

Section 5.9 Material Contracts.

(a) Schedule 5.9 sets forth a true, correct and complete list of all of the following Contracts to which a Seller is a party or by which it is bound and that are primarily related to the Business or by which any of the Purchased Assets may be bound or affected and that are Purchased Contracts (other than Purchased Contracts added to Schedule 1.1(d) after the date hereof and pursuant to the terms of this Agreement) (collectively, the "Material Contracts"):

(i) Contracts with (A) any Affiliate or current or former officer or director of a Seller or (B) any other Employee or Service Provider on a full-time, part-time, consulting, temporary or other basis providing annual base salary in excess of $100,000, in each case, not including at-will employment relationships or independent contractor arrangements terminable by a Seller upon seven days' or less notice or Contracts made in the Ordinary Course of Business, the terms of which are generally available to similarly situated non-affiliated parties;

(ii) Contracts with any labor union or association representing any Employees;

(iii) Any severance or termination agreement with any Employee or Service Provider;

(iv) Contracts, other than licenses for "off-the-shelf" or other widely available on non-discriminatory terms for less than $250,000, on an annual basis, (i) pursuant to which Sellers use any Licensed Intellectual Property, or (ii) pursuant to which Sellers have granted to a third party any right in or to any Purchased Intellectual Property;

(v) Contracts entered into during the five (5)-year period prior to the date hereof for the sale of any of the assets of the Business, other than in the Ordinary Course of Business, for consideration in excess of $250,000;

(vi) Contracts entered into during the five (5)-year period prior to the date hereof relating to the acquisition by Sellers of any operating business or the capital stock of any other Person, in each case for consideration in excess of $500,000;

(vii) Contracts for the purchase of equipment, materials, products, supplies, or services that involved payments by Sellers in excess of $500,000 in the aggregate in the most recent fiscal year, or which are reasonably expected to involve payments of more than $500,000 in the aggregate per annum after the date hereof;

(viii) Contracts with "take or pay" or "requirements" provisions committing any Seller to purchase goods or services in excess of $500,000 in the most recent fiscal year, or which are reasonably expected to require payments of more than $500,000 in the aggregate per annum after the date hereof;

(ix) Contracts (including any mortgages, deeds of trusts, indentures, guarantees, loans or credit agreement and security agreements) relating to incurrence of Indebtedness for borrowed money or the making of any loans, in each case involving amounts in excess of $500,000;

(x) Contracts establishing a partnership, joint venture, alliance or similar arrangement, or which involves the sharing of profits, losses, costs or liabilities in respect of the Business, any Purchased Assets or any Assumed Liabilities;

(xi) Contracts involving amounts in excess of $100,000, which require the posting of a security deposit or letter of credit;

(xii) Contracts that limit or purport to limit the ability of any Seller to enter into or engage in any market or line of business or to solicit customers, or that provide for "most favored nation," "meet competition" or any other similar provisions, or establish an exclusive sale or purchase obligation with respect to any Person, product or in any geographic location or during any material period of time;

(xiii) any lease for personal property from or to any third party, involving payments to be made by any Seller in excess of $200,000, either individually or in the aggregate;

(xiv) Contracts relating to the ten (10) vendors to whom Sellers incurred the greatest amount of expenditures (by dollar volume) during the twelve (12)-month period ended December 31, 2016;

(xv) Contracts relating to the ten (10) customers from whom Sellers received the greatest amount of revenues during the twelve (12) month period ended December 31, 2016;

(xvi) Contracts entered into during the three (3)-year period prior to the date hereof involving any resolution or settlement of any actual or threatened Legal Proceeding with a settlement value of greater than $500,000, or which imposes material continuing obligations on any Seller; or

(xvii) Contracts which (A) involve the expenditure of more than $500,000 in the aggregate, (B) require performance by any party more than one (1) year from the date hereof and (C) are not terminable by Sellers without penalty on less than one hundred eighty (180) calendar days' notice.

(b) Sellers have made available to Purchaser true, correct and complete copies of each Material Contract. Subject to the Orders of the Bankruptcy Court: (i) each Material Contract is a valid and binding agreement of those Sellers that are party thereto, enforceable in accordance with its terms against such Sellers, and to the Knowledge of Sellers, against each other party thereto; (ii) Sellers have performed, and, to the Knowledge of Sellers, each other party thereto has performed or shall perform, each term, covenant and condition of each Material Contract required to be performed, in all material respects; (iii) Sellers have not received any written notice of any default or event that with notice or lapse of time or both would constitute a material default by a Seller under any Material Contract; and (iv) except for the Bankruptcy Cases, to the Knowledge of Sellers, no event has occurred that would, with the passage of time or compliance with any applicable notice requirements or both, constitute a breach, violation or default by Sellers or, to the Knowledge of Sellers, the other parties thereto, under any of the Material Contracts, that would reasonably be expected to materially impact the operation of the Business.

Section 5.10 Employee Benefits.

(a) Schedule 5.10(a) sets forth a true, correct and complete list of (i) all "employee benefit plans," as defined in section 3(3) of ERISA, including any multiemployer plans as defined in section 3(37) of ERISA or section 4001(a)(3) of ERISA (each, a "Multiemployer Plan"), and all other material employee benefit plans or arrangements (other than governmental plans and statutorily required benefit arrangements), including bonus or incentive plans, deferred compensation arrangements, equity or equity-based compensation, severance pay, salary continuation, sick leave, vacation pay, disability, hospitalization, medical, accident, disability and life insurance, worker's compensation, retiree healthcare, retiree life insurance, retirement, scholarship, legal services, cafeteria, day or dependent care, or other insurance or employee benefit programs, plans, policies or arrangements, whether written or oral, as to which Sellers contribute or any of their respective Subsidiaries and, in respect of Multiemployer Plans to which any ERISA Affiliates, contribute, have an obligation to contribute to, or have any Liability, contingent or otherwise, with respect to, or otherwise provide to, any current or former Employee or Service Provider (the "Employee Benefit Plans") and (ii) a description of any commitment or announcement by any Seller or any of its Affiliates of an intention to create any additional employee benefit or compensation plans, policies or arrangements for any Employee or Service Provider or to modify, suspend or terminate any Employee Benefit Plan, except as pursuant to any applicable Law.

(b) No Employee Benefit Plan is maintained outside of the jurisdiction of the United States.

(c) With respect to each Employee Benefit Plan other than any Multiemployer Plan, Sellers have made available to Purchaser a true, correct and complete copy (or, to the extent no such copy exists, an accurate description thereof) and, to the extent applicable (i) any plan documents, and all material amendments thereto, (ii) the most recent summary plan descriptions, (iii) the most recent IRS determination or opinion letter, if applicable, (iv) the most recent (A) Forms 5500 and attached schedules, (B) audited financial statements, (C) actuarial valuation reports, and (v) all correspondence with the IRS, the DOL, or any other Governmental Body regarding the operation or the administration of the Employee Benefit Plan.

(d) Each of the Employee Benefit Plans sponsored by Sellers (other than any Multiemployer Plan) that is intended to qualify under section 401 of the Code has been determined by the IRS to be so qualified, and, to the Knowledge of Sellers, nothing has occurred with respect to the operation of any such plan which could reasonably be expected to result in the revocation of such favorable determination.

(e) Except as would not reasonably be expected to result in material liability to the Company, (i) each of the Employee Benefit Plans has been established, funded and maintained in accordance with its terms and all provisions of applicable Law and (ii) with respect to each Employee Benefit Plan, all reports, returns, notices and other documentation required to have been filed with or furnished to the IRS, the DOL, or any other Governmental Body or to the participants or beneficiaries of such Employee Benefit Plan have been filed or furnished on a timely basis, (iii) no individual who has performed services for the Business has been improperly excluded from participation in any Employee Benefit Plan, (iv) no non-exempt “prohibited transaction” within the meaning of section 406 of ERISA or section 4975 of the Code has occurred involving any Employee Benefit Plan and (v) no fiduciary has any Liability for breach of fiduciary duty or any other failure to act or comply with the requirements of ERISA, the Code or any other applicable Laws in connection with the administration or investment of the assets of any Employee Benefit Plan.

(f) Except as set forth in Schedule 5.10(f), no Seller or any ERISA Affiliate (i) sponsors, maintains, contributes to or has any Liability in respect of, or has in the past six years sponsored, maintained, contributed to or had any Liability in respect of, any defined benefit pension plan (as defined in section 3(35) of ERISA), plan subject to section 412 of the Code or section 302 of ERISA, or any Multiemployer Plan or (ii) has any current or projected material Liability in respect of post-employment medical or life insurance benefits for any current or former Employee or Service Provider, except as may be required under COBRA or similar state Law, and at the expense of the current or former Employee or Service Provider.

(g) Except as set forth in Schedule 5.10(g) or as would not reasonably be expected to result in material liability to the Company, with respect to any Employee Benefit Plan (other than any Multiemployer Plan) that is a defined benefit pension plan (i) all premiums due the PBGC have been paid, (ii) neither any Seller nor any of its Subsidiaries has filed a notice of intent to terminate the plan or adopted any amendment to treat such plan as terminated, (iii) the PBGC has not instituted, or threatened to institute, proceedings to treat such plan as terminated, (iv) other than as contemplated by this Agreement, no event has occurred or circumstance exists that may constitute grounds under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer such plan, (v) other than as contemplated by this Agreement, there has been no “reportable event” as that term is defined in section 4043 of ERISA and the regulations thereunder that would require the giving of notice or any event requiring disclosure under section 4041(c)(3)(C) or 4063(a) of ERISA, (vi) the Company and its Subsidiaries are not, and do not expect to be, subject to (A) any requirement to post security pursuant to section 412(f) of the Code or (B) any lien relating to any Employee Benefit Plan. Neither any Seller nor any organization to which any Seller is a successor or parent corporation, within the meaning of section 4069(b) of ERISA, has engaged in any transaction described in sections 4069 or 4212(c) of ERISA.

(h) Except as provided in Schedule 5.10(h), with respect to any Multiemployer Plan contributed to by Sellers, no Seller has incurred any withdrawal liability under Title IV of ERISA.

(i) Except as contemplated by this Agreement, as required by Law or as provided under the current terms of any Employee Benefit Plan, none of the execution and delivery of this Agreement and each other agreement, document or instrument contemplated hereby or thereby, or the consummation of the Transactions would reasonably be expected to (either alone or in combination with another event) result in (i) severance pay or any increase in severance pay upon any termination of employment after the date of this Agreement, (ii) any payment, compensation or benefit becoming due, or increase in the amount of any payment, compensation or benefit due, to any current or former Employee or Service Provider, or (iii) the acceleration of the time of payment or vesting or result in any funding (through a grantor trust or otherwise) of compensation or benefits.

(j) Except as provided in Schedule 5.10(j) or as would not reasonably be expected to result in material liability to the Company, as of the date hereof, all contributions (including all employer contributions and employee salary reduction contributions), premium payments and Liabilities required to be made by Sellers under the terms of any Employee Benefit Plan in respect of any Employee Benefit Plan or in accordance with applicable Law have been timely made or accrued in accordance with GAAP, and all contributions, premium payments and Liabilities for any period ending on or prior to the Closing Date which are not yet due will, on or prior to the Closing Date, have been paid.

(k) No Employee Benefit Plan is a "multiple employer welfare arrangement" as defined in section 3(40) of ERISA.

Section 5.11 Labor.

(a) Sellers have made available to Purchaser a true, correct and complete list as of the date hereof of all Employees, including each Employee's (i) name, (ii) job title or function, (iii) job location, (iv) salary or wage rate, (v) bonus opportunity, commission status or other incentive compensation paid or payable for 2017, (vi) bonus, commission or incentive compensation paid in 2016, (vii) the amount of accrued but unused vacation time, (viii) date of hire, and (ix) current status (as to leave or disability status, full-time or part-time, exempt or nonexempt, temporary or permanent status, unionized (identifying the labor union representing such Employee) or non-unionized). Schedule 5.11(a) sets forth a true, correct and complete list of all Service Providers with annual compensation in excess of fifty thousand dollars ($50,000), including each such Person's (A) name, (B) function or services provided, (C) job location, and (D) current compensation structure. No Employee is located outside the jurisdiction of the United States.

(b) Sellers and their respective Affiliates have complied in all material respects with all applicable Labor Laws for all Employees and Service Providers, and, to the Knowledge of Sellers, there is no basis for any claim that any Seller and its Affiliates are not in all material respects in compliance with the terms thereof. Except as set forth in Schedule 5.11(b), there is no pending, nor, to the Knowledge of Sellers, is there any threatened, Legal Proceeding reasonably expected to give rise to any

Liability asserting that any Seller or any of its Affiliates has committed an unfair labor practice, act of discrimination, or other similar complaints with respect to any Employee or Service Provider.

(c) Except as set forth in Schedule 5.11(c), (i) no Seller is a party to any collective bargaining agreement, works council agreement, labor union contract, trade union agreement, and other similar agreements (each a "Collective Bargaining Agreement") with respect to any Employee or Service Provider and (ii) except for negotiations regarding modifications of the Collective Bargaining Agreements contemplated by this Agreement, no collective bargaining or any other labor-related Contract with any labor union or labor organization is currently being negotiated with respect to any Employee or Service Provider.

(d) Except as set forth in Schedule 5.11(d), and except as relates to negotiations regarding modifications of the Collective Bargaining Agreements or any terminations of Employees contemplated by this Agreement, there are no (i) strikes, work stoppages, work slowdowns, lockouts or other labor disturbance or other concerted action by any union or other group of employees or other persons pending or, to the Knowledge of Sellers, threatened against or involving a Seller, or (ii) unfair labor practice charges, grievances or complaints pending or, to the Knowledge of Sellers, threatened by or on behalf of any employee or group of employees of Sellers.

(e) There has been no "mass layoff" or "plant closing" (as defined by the WARN Act) with respect to any Seller or the Business within the six months prior to execution of this Agreement. No Seller or any Affiliate of any Seller has incurred any Liability under the WARN Act that remains unpaid or unsatisfied. Schedule 5.11(e) sets forth a true and complete list of any and all employment losses (within the meaning of the WARN Act) incurred by any Seller during the ninety (90) day period prior to the date hereof.

(f) No Seller has made any declarative statement to any Employee that such Employee would be retained by Purchaser or transfer with the Business after the Closing.

(g) With respect to any Person performing services on behalf of the Business on or prior to the Closing, no Seller has any Liability with respect to any misclassification of such Person as an independent contractor rather than as an employee, or as an "exempt" employee rather than a "non-exempt" employee (within the meaning of the Fair Labor Standards Act of 1938), or with respect to such Person's status as a leased employee.

(h) Since the Petition Date, except as would otherwise be permitted under Section 8.2, Sellers have not materially increased the compensation or benefits paid or payable to any Employee or Service Provider under any Employee Benefit Plan or otherwise (including any such increase pursuant to any bonus, pension, profit sharing or other Employee Benefit Plan, and including any increase in any severance or termination pay).

Section 5.12 Litigation. Except for the Bankruptcy Cases and as set forth in Schedule 5.12, there are no Legal Proceedings or investigations pending or, to the Knowledge of Sellers, threatened against any Seller before any Governmental Body, which, if adversely determined, would be reasonably expected to result in a Material Adverse Effect.

Section 5.13 Compliance with Laws; Permits.

(a) Sellers are in compliance in all material respects with all material Laws and Orders applicable to the Purchased Assets and the Business. No Seller has received any written notice or other written communication from a Governmental Body alleging that the operation of the Business or Purchased Assets is not in compliance with any Law, Order or material Permit in any material respect.

(b) Sellers currently have all material Permits which are required and necessary for the lawful operation of the Business as presently conducted. No Seller is in material default or violation (and, to the Knowledge of Sellers, no event has occurred which, with notice or the lapse of time or both, would constitute a material default or violation) of any term, condition or provision of any Permit to which it is a party and is material to the operation of the Business. All such Permits are valid and in full force and effect, and there are no (i) Legal Proceedings pending or, to the Knowledge of Sellers, threatened, that are reasonably expected to result in the revocation, cancellation, suspension or modification of any such Permits except where such revocation, cancellation, suspension or modification would not reasonably be expected to have a material adverse effect on the operation of the Business, and, to the Knowledge of Sellers, such Permits are transferable to Purchaser or Designated Purchasers without causing such Permits to be revoked, cancelled, suspended or modified and (ii) there are no Legal Proceedings pending or, to the Knowledge of Sellers, threatened, with respect to any alleged failure to have all material Permits required in connection with the operation of the Business.

(c) Notwithstanding the foregoing, no representation or warranty in this Section 5.13 is made with respect to any environmental matters, including any matters arising under any Environmental Laws or relating to natural resources or Hazardous Materials, which is covered exclusively by the provisions set forth in Section 5.14.

Section 5.14 Environmental Matters. Except as set forth in Schedule 5.14:

(a) the operations of Sellers, with respect to the Business or Purchased Assets, are in compliance in all material respects with all applicable Environmental Laws, which compliance includes obtaining, maintaining and complying with all Environmental Permits required to operate the Business or Purchased Assets. No Seller has been advised in writing by any Governmental Body of any actual or potential change in the status or terms and conditions of such Environmental Permits which would materially and adversely impact the operation of the Business, and all Environmental Permits held by Sellers in connection with the Purchased Assets and the

Business have been made available to Purchaser or shall be made available to Purchaser prior to the Closing;

(b) with respect to the Business or Purchased Assets, Sellers are not the subject of any outstanding Order or any pending or, to the Knowledge of Sellers, threatened Legal Proceeding under Environmental Laws;

(c) Sellers have not received any written communication alleging that Sellers, with respect to the Business or Purchased Assets, may be in material violation of any Environmental Law, or any Environmental Permit, or have any material Environmental Liability, in each case which remain unresolved;

(d) to the Knowledge of Sellers, there has been no Release of Hazardous Materials with respect to the Business or the Purchased Assets resulting in concentrations greater than those allowed under Environmental Laws on, at or under the Purchased Owned Real Property or Purchased Real Property Leases, and no Person has been exposed to Hazardous Materials with respect to the Business or the Purchased Assets, in each case which reasonably would be expected, individually or in the aggregate, to result in material Environmental Liability; and

(e) neither the execution of this Agreement nor consummation of the Transactions shall trigger any investigation or remediation obligations pursuant to Environmental Laws, which reasonably would be expected, individually or in the aggregate, to result in material Environmental Liability.

Section 5.15 Financial Statements. Sellers have delivered to Purchaser (a) audited consolidated balance sheet of the Company and its Subsidiaries dated as of January 30, 2016 and the audited consolidated statements of operations and income, shareholders' equity and cash flow of the Company and its Subsidiaries for the year then ended (the "Audited Financial Statements"), and (b) the unaudited consolidated balance sheet of the Company and its Subsidiaries dated as of January 28, 2017 and the unaudited consolidated statements of operations and income, shareholders' equity and cash flow of the Company and its Subsidiaries for the twelve-month period then ended (the "Unaudited Financial Statements" and together with the Audited Financial Statements, the "Group Financial Statements"). The Group Financial Statements have been prepared in accordance with GAAP consistently applied for the periods involved and present fairly in all material respects the consolidated financial position, results of operations and cash flows of the Company and its subsidiaries on the basis stated therein as of the dates and for the applicable periods stated therein, subject, in the case of the Unaudited Financial Statements, to normal year-end audit adjustments and the absence of related notes.

Section 5.16 Financial Advisors. Except for Houlihan Lokey Capital, Inc., no Person has acted, directly or indirectly, as a broker, finder or financial advisor for Sellers in connection with the Transactions and no Person is entitled to any fee or commission or like payment in respect thereof.

Section 5.17 Adequacy of Purchased Assets. The Purchased Assets: (a) constitute substantially all of the assets used or held for use by Sellers in connection with or otherwise related to the Business, other than the Excluded Assets; (b) will permit Purchaser and Designated Purchasers to conduct the Business substantially as it is being conducted on the date hereof, except as a result of any assets being Excluded Assets; (c) are in adequate working order and are suitable for the uses for which they are intended; and (d) to the Knowledge of Sellers, will permit Purchaser and Designated Purchasers to comply as of the Closing Date in all material respects with all Laws, Permits and Orders applicable as of the Closing Date to the Business and the ownership and use of the Purchased Assets.

Section 5.18 Insurance and Bonds. Schedule 5.18 sets forth a true, correct and complete list of all insurance policies of Sellers which insure the Business or any of the Purchased Assets, and a true, correct and complete list of all letters of credit, surety bonds and performance bonds required to be obtained by Sellers in connection with the Business. All such insurance policies are in full force and effect, all premiums with respect thereto covering all periods up to and including the Closing have been paid, and, other than has been disclosed on Schedule 5.18, no notice of cancellation or termination has been received with respect to any such insurance policy.

Section 5.19 Affiliate Transactions. Except as set forth in Schedule 5.19, no current or, to the Knowledge of Sellers, former director, officer, employee or Affiliate of Sellers (a) owns any property, assets, interests and rights, tangible or intangible, that is a Purchased Asset or that is material to the conduct of the Business, (b) is a controlling Affiliate of any customer or supplier of the Business, or (c) is a party to or the beneficiary of any Contract with the Business.

Section 5.20 Sellers as Debtor in Possession; No Trustee. From the Petition Date through the date hereof, Sellers have been at all times in their Bankruptcy Cases debtors-in-possession pursuant to section 1107 of the Bankruptcy Code, and no trustee or examiner has been appointed in the Bankruptcy Cases.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to Sellers that:

Section 6.1 Organization and Good Standing. Purchaser is an entity duly organized, validly existing and in good standing under the laws of the state of its organization.

Section 6.2 Authorization of Agreement. Purchaser has all requisite power, authority and legal capacity to execute and deliver this Agreement and each other agreement, document, instrument or certificate contemplated by this Agreement or to be executed by Purchaser in connection with the consummation of the Transactions (the "Purchaser Documents"), to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by Purchaser of this Agreement and the Purchaser Documents and the consummation of the transactions contemplated hereby and thereby have been duly authorized by Purchaser. This Agreement has been, and each Purchaser Document will be at or prior to the Closing, duly executed and delivered by Purchaser and (assuming the due authorization, execution and delivery by the other parties hereto and thereto) this Agreement constitutes, and each Purchaser Document when so executed and delivered will constitute, legal, valid and binding obligations of Purchaser, enforceable against Purchaser in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

Section 6.3 Conflicts; Consents of Third Parties.

(a) None of the execution and delivery by Purchaser of this Agreement or the Purchaser Documents, the consummation of the transactions contemplated hereby or thereby, or the compliance by Purchaser with any of the provisions hereof or thereof will conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination or cancellation under any provision of (i) the organizational documents of Purchaser, (ii) any Contract to which Purchaser is a party or by which Purchaser or its properties or assets is bound, or (iii) any Law or Order of any Governmental Body applicable to Purchaser or any of its properties or assets except in the case of clauses (ii) and (iii), as would not reasonably be expected to prevent or materially delay the obligation of Purchaser to consummate the Transactions or to perform its obligations hereunder on a timely basis.

(b) No consent, waiver, approval, Order, Permit or authorization of, or declaration or filing with, or notification to, any Person or Governmental Body is required on the part of Purchaser in connection with the execution and delivery of this Agreement or the Purchaser Documents, the compliance by Purchaser with any of the provisions hereof or thereof, the consummation of the transactions contemplated hereby or thereby or the taking by Purchaser of any other action contemplated hereby or thereby, or for Purchaser to conduct the Business, except for compliance with the applicable requirements of the HSR Act, the Sale Order, the Bidding Procedures Order and such other consents, waivers, approvals, Orders, Permits, authorizations, declarations, filings and notifications, the failure of which to obtain or make, would not reasonably be expected to prevent or materially delay the obligation of Purchaser to consummate the Transactions or to perform its obligations hereunder on a timely basis.

Section 6.4 Litigation. There are no Legal Proceedings pending or, to the knowledge of Purchaser, threatened against Purchaser, or to which Purchaser is otherwise a party before any Governmental Body, which, if adversely determined, would reasonably be expected to prevent or materially impair or delay the ability of Purchaser to consummate the Transactions or to perform its obligations under this Agreement on a timely basis. Purchaser is not subject to any Order of any Governmental Body except to the extent the same would not, individually or in the aggregate, reasonably be expected to prevent or materially impair or delay the ability of Purchaser to consummate the Transactions or to perform its obligations under this Agreement on a timely basis. To the knowledge of Purchaser, there is no Legal Proceeding pending or threatened in writing that challenges the validity or enforceability of this Agreement or seeks to enjoin or prohibit consummation of the Transactions.

Section 6.5 Financial Advisors. No Person has acted, directly or indirectly, as a broker, finder or financial advisor for Purchaser in connection with the Transactions and no Person is entitled to any fee or commission or like payment in respect thereof.

Section 6.6 Condition of the Business. Notwithstanding anything contained in this Agreement to the contrary, Purchaser acknowledges and agrees that no Seller or any other Person is making any representations or warranties whatsoever, express or implied, with respect to Sellers, the Business, the Purchased Assets or the Transaction, beyond those expressly given by Sellers in Article V (as modified by the Disclosure Schedules), and Purchaser acknowledges and agrees that, except for the representations and warranties contained in Article V, the Purchased Assets and the Business are being transferred on a "where is" and, as to condition, "as is" basis. Any claims Purchaser may have for breach of representation or warranty shall be based solely on the representations and warranties of Sellers set forth in Article V hereof (as modified by the Disclosure Schedules). Purchaser further represents that no Seller nor any of its Affiliates nor any other Person has made any representations or warranty, express or implied, as to the accuracy or completeness of any information regarding Sellers, the Business or the Transactions not expressly set forth in this Agreement, and none of Sellers, any of their Affiliates or any other Person will have or be subject to any Liability to Purchaser or any other Person resulting from the distribution to Purchaser or its representatives or Purchaser's use of, any such information, including any confidential memoranda distributed on behalf of Sellers relating to the Business or other publications or data room information provided to Purchaser or its representatives, or any other document or information in any form provided to Purchaser or its representatives in connection with the sale of the Business and the Transactions. Purchaser acknowledges that it has conducted to its satisfaction its own independent investigation of the Business and, in making the determination to proceed with the Transactions, Purchaser has relied on the results of its own independent investigation. Purchaser acknowledges and agrees (i) that Sellers make no representations or warranties to Purchaser regarding the probable success or profitability of the Business and (ii) the disclosure by Sellers of any matter or item in any Disclosure Schedule shall not be deemed to constitute an acknowledgement that any such matter is required to be disclosed or is material or that such matter would be reasonably expected to result in a Material Adverse Effect.

ARTICLE VII

BANKRUPTCY COURT MATTERS

Section 7.1 Approval of Expense Reimbursement. In consideration for Purchaser having expended considerable time and expense in connection with this

Agreement and the negotiation thereof and the identification and quantification of assets of Sellers, Sellers shall pay Purchaser, in accordance with the terms hereof and the Bidding Procedures Order, the amount of the reasonable and documented expenses of Purchaser incurred in connection with the Transactions not to exceed Seven Hundred Fifty Thousand Dollars ($750,000) ("Expense Reimbursement"). Subject to the entry by the Bankruptcy Court of the Bidding Procedures Order approving the payment of the Expense Reimbursement, the Expense Reimbursement shall be (a) an actual and necessary cost and expense of preserving the Sellers' estates within the meaning of section 503(b) of the Bankruptcy Code and shall be treated as an allowed administrative expense claim against the Sellers' estates pursuant to sections 105(a), 503(b), and 507(a)(2) of the Bankruptcy Code, (b) payable upon the termination of this Agreement in accordance with the terms hereof (other than a termination of this Agreement pursuant to Section 4.4(d)), and (c) shall be paid on the first Business Day following the later to occur of (i) the termination of this Agreement and (ii) the repayment or discharge of all Prepetition Senior Obligations and DIP Senior Obligations. Sellers shall file with and seek the approval of the Bankruptcy Court of the Sale Motion, including the Expense Reimbursement.

Section 7.2 Competing Transaction. This Agreement is subject to approval by the Bankruptcy Court and the consideration by Sellers of higher or better competing bids in respect of all or part of the Purchased Assets (whether in combination with other assets of Sellers or otherwise) (each a "Competing Bid"). From the date hereof (and any prior time) and until the Auction is closed, Sellers are permitted, in accordance with the Bidding Procedures Order, to cause their representatives and Affiliates to initiate contact with, solicit or encourage submission of any inquiries, proposals or offers by, any Person (in addition to Purchaser and its Affiliates, agents and representatives) in connection with any sale or other disposition of the Purchased Assets. In addition, Sellers shall be permitted to respond to any inquiries or offers to purchase all or any part of the Purchased Assets and perform any and all other acts related thereto which are required under the Bankruptcy Code, the Bidding Procedures Order or other applicable Law, including supplying information relating to the Business and the assets of Sellers to prospective purchasers. Promptly upon receipt of any Competing Bid or proposal or indication of interest in respect thereof, Sellers shall provide DIP Senior Agent with a copy of any such materials and Purchaser with summaries of the material terms of such Competing Bid. Sellers shall regularly update Purchaser and DIP Senior Agent as to the status of the marketing process, including any negotiations in connection with a Competing Bid. Sellers shall promptly furnish Purchaser and DIP Senior Agent with all information, documents and data concerning Sellers that is provided to any prospective purchaser that has not previously been furnished to Purchaser.

Section 7.3 Bankruptcy Court Filings. As promptly as practicable following the execution of this Agreement, Sellers shall file with the Bankruptcy Court the Sale Motion seeking entry of the Sale Order and the Bidding Procedures Order. Sellers shall diligently pursue entry of the Bidding Procedures Order and the Sale Order, subject to Section 7.2. Purchaser agrees that it will promptly take such actions as are reasonably requested by Sellers to assist in obtaining entry of the Sale Order and the Bidding Procedures Order and a finding of adequate assurance of future performance by

Purchaser, including furnishing affidavits or other documents or information for filing with the Bankruptcy Court for the purposes, among others, of providing necessary assurances of performance by Purchaser under this Agreement and demonstrating that Purchaser is a "good faith" purchaser under section 363(m) of the Bankruptcy Code. In the event the entry of the Sale Order or the Bidding Procedures Order shall be appealed, Sellers and Purchaser shall use their respective reasonable best efforts to defend such appeal.

Section 7.4 Back-up Bidder. Sellers and Purchaser agree that, in the event that Purchaser is not the winning bidder at the auction undertaken pursuant to the Bidding Procedures Order (the "Auction"), Purchaser shall act as the Back-up Bidder as set forth in the Bidding Procedures Order, if so named at the Auction.

ARTICLE VIII

COVENANTS

Section 8.1 Access to Information. Sellers agree that, prior to the Closing Date, Purchaser shall be entitled, through its officers, employees, consultants and representatives (including its legal advisors and accountants), to make such investigation of the properties, businesses and operations of the Business, including the conduct of environmental assessments of the Real Property and title checks, and such examination of the books and records of the Business, the Purchased Assets and the Assumed Liabilities as it reasonably requests and to make extracts and copies of such books and records. Any such investigation and examination shall be conducted during regular business hours upon reasonable advance notice and under reasonable circumstances in a manner so as not to interfere with the ordinary business operations of Sellers and shall be subject to restrictions under applicable Law. Each Seller shall direct and use its commercially reasonable efforts to cause the other Sellers, and their respective officers, employees, consultants, agents, accountants, attorneys and other representatives to cooperate with Purchaser and Purchaser's representatives in connection with such investigation and examination. Notwithstanding anything herein to the contrary, no such investigation or examination shall be permitted to the extent that it (a) would require Sellers to disclose information subject to attorney-client privilege or conflict with any confidentiality obligations to which Sellers are bound or (b) involves any sampling or analysis of soil, groundwater, building material or other environmental media, including of the sort generally referred to as a Phase II environmental investigation.

Section 8.2 Conduct of the Business Pending the Closing.

(a) Prior to the Closing, except (1) as set forth in Schedule 8.2(a), (2) as required by applicable Law or by order of the Bankruptcy Court, (3) as otherwise expressly contemplated by this Agreement or (4) with the prior written consent of Purchaser, Sellers shall:

(i) conduct the Business only in the Ordinary Course of Business;

(ii) use their commercially reasonable efforts to (A) maintain and preserve the business operations, organization, management and goodwill of the Business, (B) keep available the services of the Employees and Service Providers and (C) maintain and preserve the present relationships with customers, distributors, suppliers, business partners and others having business dealings with the Business;

(iii) file all material Tax Returns and pay or deposit all material Taxes on a timely basis in the Ordinary Course of Business;

(iv) (A) use commercially reasonable efforts to make, or cause to be made, all necessary or appropriate repairs, replacements and improvements to the Purchased Assets in the Ordinary Course of Business; and (B) use commercially reasonable efforts to defend and protect the Purchased Assets from infringement or deterioration; and

(v) comply with all applicable Laws (including Environmental Laws) in all material respects.

(b) Except (1) as set forth in Schedule 8.2(b), (2) as required by applicable Law or by order of the Bankruptcy Court, (3) as otherwise contemplated by this Agreement or (4) with the prior written consent of Purchaser (which consent shall not be unreasonably withheld, conditioned or delayed), Sellers shall not, solely as it relates to the Business:

(i) other than as required by any Employee Benefit Plan or written Contract in effect as of the date hereof, (A) increase the compensation (including granting any bonuses, whether monetary or otherwise) of any current or former Employee or Service Provider, or (B) increase the coverage or benefits available under any Employee Benefit Plan;

(ii) adopt, establish, enter into, amend, terminate or increase the benefits under any Employee Benefit Plan or other employee benefit plan, practice, program, policy or Contract that will be an Employee Benefit Plan, in any case, other than as may be required by the terms of such Employee Benefit Plan, as may be required by applicable Law, in order to qualify under section 401 and 501 of the Code, or in order to comply with section 409A of the Code;

(iii) permit, offer, agree or commit (in writing or otherwise) to permit, any of the Purchased Assets to become subject, directly or indirectly, to any Lien, except for any Permitted Liens and any Lien securing any debtor-in-possession loan facility;

(iv) enter into any Contract for the direct or indirect sale (whether by merger, sale of assets or stock, or otherwise), transfer, financing, assignment, conveyance, lease recapitalization or other disposition of any portion of the Business or any Purchased Asset;

(v) other than in the Ordinary Course of Business, (A) enter into any Contract that would constitute a Material Contract, if in effect on the date hereof, or (B) assume, amend, modify or terminate any Material Contract to which a Seller is a party or by which any Seller is bound and that is used in or related to the Business or the Purchased Assets (including any Purchased Contract), or fail to exercise any renewal right with respect to any Material Contract (including any Purchased Real Property Lease) that by its terms would otherwise expire;

(vi) move any equipment, machinery, or other Purchased Assets from the facilities of the Business, except in the Ordinary Course of Business to another facility of the Business included in the Purchased Assets;

(vii) make or change any material election with respect to Taxes, change an annual accounting period, adopt or change any material accounting method, file any amended Tax Return, enter into any closing agreement, settle any material Tax claim or assessment relating to the Business, surrender any right to claim a refund of material Taxes, consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment relating to the Business;

(viii) grant or increase any severance, retention, change of control or similar payments to any current or former Employee or Service Provider;

(ix) compromise any material Indebtedness or claim or waive or release any right of Sellers that constitutes a Purchased Asset;

(x) assign, sublet, pledge, encumber, terminate, amend or modify in any manner any Purchased Real Property Lease;

(xi) omit to take any action necessary to maintain or renew any material Seller Intellectual Property, or sell, assign, transfer, lease, exclusively license or allow to lapse any rights in the Seller Intellectual Property;

(xii) other than in the Ordinary Course of Business, enter into any Contract to license any Purchased Intellectual Property or renew, extend, expand or otherwise amend the terms of any existing Intellectual Property License;

(xiii) merge or consolidate any Seller with any other Person or acquire any business or equity interests or any other Person; and

(xiv) take, or agree, commit or offer (in writing or otherwise) to take, any actions prohibited by this Section 8.2.

Section 8.3 Regulatory Approvals.

(a) Subject to the terms and conditions of this Agreement, prior to Closing, the Parties shall use their respective commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under any applicable Laws to consummate and make effective the Transactions as expeditiously as possible, including (i) making or causing to be made all filings required of each of them or any of their respective Subsidiaries or Affiliates under the HSR Act or other Antitrust Laws with respect to the Transactions as expeditiously as possible and, in any event, within five (5) Business Days after the date of this Agreement in the case of all filings required under the HSR Act and as promptly as practicable in the case of all other filings required by other Antitrust Laws, (ii) unless otherwise agreed to by the Parties, making, or causing to be made, promptly and after consultation with the other Parties, an appropriate response to any request under the HSR Act or other Antitrust Laws for additional information, documents, or other materials received by each of them or any of their respective Subsidiaries from the Federal Trade Commission (the "FTC"), the Antitrust Division of the United States Department of Justice (the "Antitrust Division") or any other Governmental Body in respect of such filings or the Transactions, (iii) cooperating with each other in connection with any such filing (including, to the extent permitted by applicable Law, providing copies of all such documents to the non-filing Parties prior to filing and considering all reasonable additions, deletions or changes suggested in connection therewith) and in connection with resolving any investigation or other inquiry of any of the FTC, the Antitrust Division or other Governmental Body under any Antitrust Laws with respect to any such filing or the Transactions, (iv) obtaining (and cooperating with each other in obtaining) any consent, approval of, waiver or any exemption by, any non-governmental third party, in each case, to the extent necessary, proper, or advisable to consummate the Transactions, and (v) execution and delivery of any reasonable additional instruments necessary to consummate the Transactions and to fully carry out the purposes of this Agreement. Each Party shall furnish to each other such necessary information and assistance as such other Party and its Affiliates may reasonably request in connection with their preparation of any application or other filing to be made pursuant to any applicable Law in connection with the Transactions. Each Party shall promptly inform the other Parties of any substantive oral communication with, and provide copies of substantive written communications with, any Governmental Body regarding any such filings or the Transactions. No Party shall independently participate in any formal meeting relating to Antitrust Laws with any Governmental Body in respect of any such filings, investigation, or other inquiry without giving the other Parties prior notice of the meeting and, to the extent permitted by such Governmental Body, the opportunity to attend and/or participate. Subject to applicable Law, the Parties will consult and cooperate with one another in connection with any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of any Party relating to proceedings under the HSR Act or other Antitrust Laws.

(b) Each of Purchaser and Sellers shall use its commercially reasonable efforts to resolve such objections, if any, as may be asserted by any Governmental Body or Person with respect to the Transactions under the HSR Act, the Sherman Act, the Clayton Act, the Federal Trade Commission Act, and any other

United States federal or state or foreign statutes, rules, regulations, orders, decrees, administrative or judicial doctrines or other laws that are designed to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade (collectively, the "Antitrust Laws") and to take such action as may be required to cause the expiration of the notice periods under the HSR Act or other Antitrust Laws with respect to the Transactions as promptly as possible after the execution of this Agreement; provided, that the foregoing shall not be deemed to require Purchaser or any of its Affiliates to (i) commit to or effect, by consent decree, hold separate orders, trust or otherwise the sale or disposition of such of its assets or businesses as are required to be divested, (ii) commit to and implement any restrictions or actions that after the Closing Date would limit the freedom of Purchaser or its Affiliates with respect to, or their ability to retain, one or more of Purchaser's or its Affiliates' businesses or assets or (iii) commit to, or take or refrain from taking, any action that would reasonably be expected to have a material adverse effect on Purchaser or any of its Affiliates.

Section 8.4 Confidentiality. Purchaser acknowledges that the Evaluation Material (as defined in the Confidentiality Agreement) provided to it in connection with this Agreement, including under Section 8.1, and the consummation of the Transactions, is subject to the terms of the confidentiality agreement between KKR Credit Advisors (US) LLC and the Company dated January 27, 2017 (the "Confidentiality Agreement"), the terms of which are incorporated herein by reference. Effective upon, and only upon, the Closing Date, the Confidentiality Agreement shall terminate with respect to information relating to the Business or Purchased Assets; provided, however, that Purchaser acknowledges that any and all other Evaluation Material provided to it by Sellers or their representatives concerning solely Sellers and not otherwise relating to the Business or Purchased Assets shall remain subject to the terms and conditions of the Confidentiality Agreement after the Closing Date.

Section 8.5 Preservation of Records. From and after the Closing, upon request by any Seller, Purchaser will permit Sellers and their representatives to have reasonable access during normal business hours, and in a manner so as not to interfere unreasonably with the normal business operations of Purchaser, to all premises, properties, personnel, books and records, and Contracts of or related to the Purchased Assets or the Assumed Liabilities for the purposes of (a) preparing Tax Returns, (b) enforcing rights or obligations of any Seller under this Agreement or any of the Ancillary Agreements, or (c) complying with the requirements of any Governmental Body; provided, however, that, for avoidance of doubt, the foregoing shall not require Purchaser to take any such action if (i) such action may result in a waiver or breach of any attorney/client privilege, (ii) such action could reasonably be expected to result in violation of applicable Law or Order, or (iii) providing such access or information would be reasonably expected to be disruptive to its normal business operations. Purchaser agrees to maintain the files or records which are contemplated by the first sentence of this Section 8.5 in a manner consistent in all material respects with its document retention and destruction policies, as in effect from time to time, for six (6) years following the Closing.

Section 8.6 Publicity. Neither Sellers nor Purchaser shall issue any press release or public announcement concerning this Agreement or the Transactions without obtaining the prior written approval of the other Party, which approval will not be unreasonably withheld, conditioned or delayed, unless, in the sole judgment of Purchaser or Sellers, disclosure is otherwise required by applicable Law or by order of the Bankruptcy Court with respect to filings to be made with the Bankruptcy Court in connection with this Agreement; provided that the Party intending to make such release shall use its commercially reasonable efforts consistent with such applicable Law or Bankruptcy Court requirement to consult with the other Party with respect to the text thereof.

Section 8.7 Use of Name. Sellers agree that: (i) as soon as reasonably practicable, but in no event more than five (5) Business Days after the Closing Date, Sellers shall cause an amendment to the certificate of incorporation of Sellers to be filed with the appropriate Governmental Body and shall take all other action necessary to change Sellers' legal, registered, assumed, trade and "doing business as" name, as applicable, to a name or names not containing "Angelica," any other trade mark or trade name set forth in Schedule 5.8(b) or any name confusingly similar to the foregoing and will cause to be filed as soon as practicable after the Closing Date, in all jurisdictions in which any Seller is qualified to do business, any documents necessary to reflect such change in its legal, registered, assumed, trade and "doing business as" name, as applicable, or to terminate its qualification therein; (ii) after the Closing Date neither Sellers nor any of their Affiliates shall have any rights in or to the name "Angelica," any other trade mark or trade name set forth in Schedule 5.8(b) or any service marks, trademarks, trade names, identifying symbols, logos, emblems, signs or insignia related thereto or containing or comprising the foregoing, including any name or mark confusingly similar thereto (collectively, the "Sellers Marks"); and (iii) they shall, as soon as practicable after the Closing Date and in no event later than one hundred eighty (180) calendar days following the Closing Date (the "Phase-Out Period"), cease to make any use of the Sellers Marks, including in any corporate or other legal name. In furtherance thereof, by the conclusion of the Phase-Out Period, Sellers shall have removed, struck over or otherwise obliterated all Sellers Marks from all materials, including any vehicles, business cards, schedules, stationery, packaging materials, displays, signs, promotional materials, manuals, forms, Software and other materials. Following the end of the Phase-out Period, if Purchaser discovers any incident of usage of the Sellers Marks by any Seller or any of its Affiliates in violation of this Section 8.7, promptly upon receipt of notice from Purchaser, such Seller shall or shall cause such Affiliate, as applicable, to promptly destroy or re-label the relevant materials incorporating the Sellers Marks and shall certify (pursuant to a certificate signed by an authorized officer of such Seller on behalf of such Seller) the completion of such destruction or re-labeling.

Section 8.8 Avoidance Actions. During the Bankruptcy Cases, Sellers shall not commence, assign, convey or abandon any Avoidance Actions against any of any Seller's ordinary course vendors with whom Purchaser has indicated to Sellers it intends to continue to conduct business, contract counterparties, contractors and other suppliers of composite application related services without the prior consent of Purchaser.

Section 8.9 Environmental Matters.

(a) Prior to the Closing Date, Purchaser shall be entitled to conduct environmental due diligence on the Real Property (other than the Excluded Owned Property or Purchased Leased Real Property excluded on Schedule 2.2(k)); however, in no event shall such environmental due diligence involve any sampling or analysis or soil, groundwater, building materials or other environmental media, including of the sort generally referred to as a Phase II environmental investigation. If, at any time prior to the Closing Date, Purchaser identifies an Environmental Defect, Purchaser may, in its sole discretion, notify Sellers of the Purchased Assets (or portions thereof) affected by such Environmental Defect (each, an "Environmental Defect Property") and require that any such Environmental Defect Property be excluded from the Purchased Assets. Any Environmental Defect Property which Purchaser elects to exclude from the Purchased Assets shall be designated as an Excluded Asset and deemed to be an Excluded Asset for all purposes under this Agreement, the Ancillary Agreements and each other agreement, document or instrument contemplated hereby or thereby, and any Liabilities associated with such Environmental Defect Property shall be designated as Excluded Liabilities and deemed to be Excluded Liabilities for all purposes under this Agreement, the Ancillary Agreements and each other agreement, document or instrument contemplated hereby or thereby.

(b) Purchaser and Sellers shall use their commercially reasonable efforts to obtain the issuance, or transfer of, all Environmental Permits required to be issued, transferred or reissued to Purchaser in connection with the acquisition of the Purchased Assets and the operation of the Business by Purchaser following the Closing Date. Sellers shall use their commercially reasonable efforts, and Purchaser shall use its commercially reasonable efforts, to give and make all notices and reports that Sellers or Purchaser are required to make to the appropriate Governmental Bodies and other Persons with respect to the Environmental Permits that may be necessary for the sale of the Purchased Assets to Purchaser at the Closing.

Section 8.10 Efforts; Cooperation.

(a) Upon the terms and subject to the conditions set forth in this Agreement (including Section 8.3, the provisions of which shall not be limited by this Section 8.10), each of the Parties shall use its commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other Parties in doing, all things necessary, proper, or advisable to consummate and make effective, in the most expeditious manner practicable, the Transactions. Without limiting the generality of the foregoing, (i) each Seller shall use its commercially reasonable efforts to cause the conditions set forth in Section 10.2 that are within its control or influence to be satisfied or fulfilled, and (ii) Purchaser shall use its commercially reasonable efforts to cause the conditions set forth in Section 10.1 that are within its control or influence to be satisfied or fulfilled. Notwithstanding anything to the contrary in the foregoing or elsewhere in this Agreement, in no event shall the Buyer be obligated to cooperate, take any other actions or refrain from taking any actions in connection with any proceedings under sections 1113 or 1114 of the Bankruptcy Code commenced by Sellers without the prior consent of Buyer.

(b) The Parties shall cooperate with each other to cause the Business to be orderly transitioned from Sellers to Purchaser and to minimize the disruption to the Business resulting from the Transactions as reasonably requested by any Party, including facilitating the transition of key customer and supplier relationships of the Business to Purchaser. In furtherance of the foregoing, the Parties agree that with respect to Sellers' top twenty (20) customers (based on revenues during the twelve (12) month period ended December 31, 2016): (i) Purchaser shall have the right to review and approve, and upon such approval Sellers shall abide by and carry out, the communications plan (including letters, Q&As, scripts and other means) with respect to the communications with such customers (both written and oral) regarding the transition of the Business and the transactions contemplated hereby; and (ii) Purchaser shall have the right to attend all meetings with such customers (whether in person or by phone) regarding the transition of the Business and the transactions contemplated hereby.

(c) If after the Closing (i) Purchaser or any Designated Purchaser holds any Excluded Assets or Excluded Liabilities or (ii) any Seller holds any Purchased Assets or Assumed Liabilities (including any proceeds, accounts receivable, notes receivable, income, revenues, monies and other items attributable to the Purchased Assets), Purchaser, on the one hand, or the applicable Seller on the other hand, shall promptly transfer (or cause to be transferred) such assets or assume (or cause to be assumed) such Liabilities to or from (as the case may be) the other party. Prior to any such transfer, the party receiving or possessing any such asset shall hold it in trust for such other party.

Section 8.11 No Successor Liability. The Parties intend that, except as included in the Assumed Liabilities, upon the Closing, Purchaser shall not be deemed to: (a) be the successor of or successor employer (as described under COBRA and applicable regulations thereunder) to Sellers, including with respect to any Collective Bargaining Agreement (except for New Collective Bargaining Agreements) and any Employee Benefit Plans (except for Purchaser Plans) (b) have, *de facto* or otherwise, merged with or into Sellers; (c) be a mere continuation or substantial continuation of Sellers or the enterprise(s) of Sellers; or (d) be liable for any acts or omissions of Sellers in the conduct of the Business or arising under or related to the Purchased Assets other than as set forth in this Agreement. Without limiting the generality of the foregoing, and except as otherwise provided in this Agreement, the Parties intend that Purchaser shall not be liable for any encumbrances against any Seller or any of its predecessors or Affiliates, and that Purchaser have no successor or vicarious liability of any kind or character whether known or unknown as of the Closing Date or whether fixed or contingent, existing or hereafter arising, with respect to the Business, the Purchased Assets or any Liabilities of any Seller arising on or prior to the Closing Date. The Parties agree that a provision substantially in the form of, and with comparable effect (to the extent permitted by law) to, this Section 8.11 shall be reflected in the Sale Order.

Section 8.12 Debt Financing.

(a) Purchaser shall use its commercially reasonable efforts to arrange and obtain the Debt Financing on terms and conditions acceptable to Purchaser, including commercially reasonable efforts to (i) satisfy all conditions applicable to Purchaser obtaining the Debt Financing, and (ii) enter into definitive agreements with respect to the Debt Financing. Purchaser shall keep Sellers reasonably informed upon request of Sellers of material developments with respect to its efforts to arrange the Debt Financing.

(b) Sellers agree to provide, and shall cause their respective Affiliates and representatives to provide cooperation (including with respect to timeliness) in connection with the arrangement of the Debt Financing as may be reasonably requested by Purchaser, including (i) providing to Purchaser from time to time information regarding the Business and Purchased Assets reasonably requested by Purchaser or any of its Affiliates or the lenders providing the Debt Financing, (ii) facilitating and promoting negotiations between Purchaser or any of its Affiliates and the existing lenders to Sellers, participating in meetings, presentations, road shows, due diligence sessions with prospective lenders, (iii) assisting with the preparation of materials for rating agency presentations, offering documents, business projections and similar marketing documents required in connection with the Debt Financing, (iv) as promptly as practical, furnishing Purchaser or any of its Affiliates and its Debt Financing sources information reasonably requested, and (v) promptly providing quarterly and monthly financial statements (excluding footnotes) to the extent available and prepared by Sellers in the Ordinary Course of Business. In connection with the offering materials in connection with the Debt Financing, Sellers hereby consent to the use of their logos.

Section 8.13 Casualty and Insurance. Sellers shall maintain until Closing all existing insurance policies (or policies substantially comparable to the existing policies) relating to the Business or the Purchased Assets, at their sole cost and expense. If, between the date hereof and the Closing, any material Purchased Assets shall be damaged or destroyed by fire, theft, vandalism or other casualty event, or become subject to any condemnation or eminent domain proceeding, Sellers shall promptly notify Purchaser in writing of such fact and Purchaser shall have the option to (i) acquire such Purchased Assets on an “as is” basis and take an assignment from Sellers of any and all insurance proceeds payable to Sellers in respect of such event, or (ii) elect to exclude such Purchased Asset from this Agreement.

Section 8.14 Medline Obligations. In accordance with the terms of Section 2.6(c) of that certain Modification and Extension Agreement (“MEA”), dated March 6, 2017, by and between the Company and Medline Industries, Inc. (“Medline”), Purchaser shall, on the Closing Date or as soon as reasonably practicable following the Closing Date, issue to Medline a non-interest bearing, silent second lien secured note secured by substantially all of the Purchased Assets in the aggregate principal amount of five-million dollars ($5,000,000), which note shall mature and be due and payable on the fifth (5th) anniversary of the Closing Date. On the Closing Date, the MEA and that certain Textile Supply Agreement, dated February 1, 2016, by and between the Company and Medline (together, the “Medline Agreements”) shall be assumed by Purchaser and Purchaser shall assume of all obligations thereunder, including the payment of (a) $2,000,000 in cash payable by the Company or Purchaser within 24 hours of the Closing Date, and (b) any unpaid administrative claims for product shipped by Medline to the Company through the Closing Date in accordance with Section 2.8 of the MEA. Prior to the Closing, the Company shall not amend, or waive any provisions or enforcement of, the Medline Agreements without the prior consent of Purchaser and Medline.

Section 8.15 Repayment of Certain Sellers Wind Down Expenses. If, at the time of the effectiveness of the Chapter 11 plan of Sellers’ bankruptcy estates, the actual wind down expenses incurred by Sellers were less than the Sellers' Wind Down Expenses (as may be increased based on the definition of such term in Section 1.1) in the aggregate (such shortfall amount, the "Refunded Expense Amount"), then within 10 days after such confirmation, Sellers shall pay, or cause to be paid to Purchaser, the Refunded Expenses Amount in cash by wire transfer to an account designated by Purchaser prior to the date of such payment.

ARTICLE IX

EMPLOYEES AND EMPLOYEE BENEFITS

Section 9.1 Employment.

(a) Sellers shall promptly update the list of Employees made available to Purchaser pursuant to Section 5.11(a) and Schedule 5.11(a) to reflect any and all employment or service hirings or terminations occurring prior to the Closing Date, with the final such update to occur no later than five (5) Business Days prior to the Closing Date (it being understood that Sellers will inform Purchaser in writing of the termination of employment or services of an Employee or Service Provider following the date hereof). In addition, Sellers shall provide Purchaser no later than five (5) Business Days following the Closing Date a true, correct and complete list of any and all employment losses (within the meaning of the WARN Act) incurred at the Company during the ninety (90) day period prior to and including the Closing Date.

(b) Sellers shall provide Purchaser, upon execution of this Agreement, with access to the Employees at times and in a manner reasonably acceptable to Sellers, and with information reasonably requested by Purchaser with respect to compensation and benefits of the Employees. Purchaser shall, at least thirty (30) Business Days prior to the Closing, deliver to Sellers a schedule of Employees that Purchaser or one of its Affiliates intends to offer employment to on or following the Closing Date and the terms and conditions of employment to be offered by Purchaser to those employees (the "Offered Employees"). Purchaser shall make such offers of employment to no fewer than ninety percent (90%) of all Employees of Sellers; provided, that, provided, that, (A) such calculation shall not include any Employee of either (i) any Excluded Owned Property or (ii) any of the locations set forth in Schedule 2.2(m) and (B) shall be measured based on the list of Employees last made available to Purchaser pursuant to the first sentence of Section 9.1(a). At least twenty-five (25) Business Days prior to the Closing, Sellers shall provide to Purchaser a list of the Offered Employees who have accepted employment as offered by Purchaser. At least fifteen (15) Business Days prior to Closing, Sellers shall obtain from each such Offered Employee a completed Immigration and Naturalization Service Form I-9 (the "Form I-9"), which completed Form I-9 shall be delivered to Purchaser or its Affiliates no later than five (5) Business Days preceding the Closing Date. Any Offered Employee who (i) accepts the offer of employment from Purchaser or one of its Affiliates by executing and returning to Purchaser or one of its Affiliates documentation evidencing the offer of employment, (ii) successfully completes any other pre-employment processes of Purchaser or its Affiliates, including providing a completed Form I-9 and (iii) commences employment with Purchaser or one of its Affiliates at Closing or promptly thereafter following the completion of such pre-employment processes, shall be referred to herein as the "Transferred Employees."

(c) Sellers shall terminate, or shall cause to be terminated, the employment of all Transferred Employees effective as of the later of (i) the Closing Date and (ii) the date on which Purchaser has notified Sellers that the Offered Employee has commenced working for Purchaser (such later date, the "Hiring Date"). With respect to any Inactive Employee who becomes a Transferred Employee after the Closing Date in accordance with Section 9.1(d), the applicable Seller shall terminate, or cause to be terminated, the employment of such Inactive Employee upon his or her commencement of active work with Purchaser or one of its Affiliates, as applicable. Subject to, and effective as of, the Hiring Date, Sellers hereby waive and release each of the Transferred Employees from any and all contractual, common law or other restrictions enforceable by Sellers and their respective Affiliates on the employment, activities or other conduct of such individuals after their termination of employment with Sellers. Prior to the Closing Date, and to the extent necessary to implement this sentence, Sellers shall cause to be taken all actions as may be reasonably required to amend any Employee Benefit Plan and take or cause to be taken all other action as may be reasonably required to provide that severance or separation payments shall not be payable to any Transferred Employee on account of such employee's termination of employment with Sellers and their respective Affiliates.

(d) The employment of each Transferred Employee with Purchaser or one of its Affiliates shall commence upon the Hiring Date; provided, however, that any Inactive Employee shall not be considered a Transferred Employee unless and until such Inactive Employee returns to active status pursuant to the following sentence, and, notwithstanding anything herein to the contrary, Purchaser and its Affiliates shall only be responsible for Liabilities relating to the Inactive Employee from and after the date such Inactive Employee becomes a Transferred Employee. The employment of any Inactive Employee with Purchaser or one of its Affiliates, as applicable, shall not be effective until the Inactive Employee commences work with Purchaser; provided that, if the Inactive Employee commences work with Purchaser or one of its Affiliates, as applicable, within fifteen (15) days after the end of any such approved leave and, to the extent permitted by applicable Law, in no event later than one hundred twenty (120) days following the Closing Date, then, as of such date, such Inactive Employee shall be a Transferred Employee.

(e) Pursuant to the "Standard Procedure" provided in section 2 of Revenue Procedure 2004-53, 2004-2 C.B. 320, (i) Purchaser and Sellers shall report on a predecessor/successor basis as set forth therein, (ii) Sellers will not be relieved from filing a Form W-2 with respect to any Transferred Employees for any tax period ending immediately prior to the Closing Date and the tax year including the Closing Date with respect to the portion of such year that such Transferred Employee was employed by Sellers and their Affiliates, and (iii) Purchaser will undertake to file (or cause to be filed) a Form W-2 for each such Transferred Employee with respect to the portion of the year during which such Transferred Employees are employed by Purchaser that includes the Closing Date, excluding the portion of such year that such Transferred Employee was employed by Sellers and their Affiliates.

(f) Purchaser shall be responsible for all workers' compensation claims relating to any Transferred Employees if the incident or alleged incident giving rise to the claim occurred after the Closing Date. Except for the Assumed Liabilities set forth in item #1 of Schedule 2.3(d), which shall be the responsibility of Purchaser, Sellers shall be responsible for all workers' compensation claims relating to any Transferred Employees if the incident or alleged incident giving rise to the claim occurred on or prior to the Closing Date.

(g) Prior to the Closing Date, Purchaser (as prospective employer) shall, in consultation with Sellers, engage in good faith discussions with each of the applicable labor unions representing Employees (other than, as applicable, any labor union in relation to its representation of Employees of any (i) Excluded Owned Property or (ii) the locations set forth in Schedule 2.2(m)), to enter into new Collective Bargaining Agreements that are acceptable to Purchaser in Purchaser's sole discretion (such new Collective Bargaining Agreements collectively, the "New Collective Bargaining Agreements"), which New Collective Bargaining Agreements shall become effective at Closing and include the following: (i) the complete withdrawal from all Multiemployer Plans and (ii) the provision of health benefit coverage to eligible employees solely under the benefit plans and programs of Purchaser.

(h) Prior to the Closing Date, Purchaser shall attempt to engage in negotiations with each Multiemployer Plan to settle any claim of withdrawal liability under Title IV of ERISA that the Multiemployer Plan may have (whether on a successor theory or otherwise) as a result of the actual or anticipated withdrawal by the Company and its Subsidiaries from any Multiemployer Plan, including in respect of existing claims set forth on Schedule 5.10 (any such settlement, the "Settlement Agreements"). In furtherance of the foregoing and notwithstanding anything else set forth in this Agreement, Sellers acknowledge, confirm and agree that Purchaser shall have the right to engage in negotiations with each such Multiemployer Plan and/or any of the applicable labor unions representing Employees without participation by or notice to Sellers.

(i) Prior to the Closing Date, Sellers shall have provided any and all notices required under the WARN Act with respect to any "plant closing," "mass layoff," group termination, or similar event occurring on or prior to the Closing Date, including as a result of the employment processes contemplated by Section 9.1.

Section 9.2 Employee Compensation and Benefits.

(a) With respect to Transferred Employees represented by a labor union, Purchaser shall provide compensation (including salary, wages and opportunities for commissions, bonuses, incentive pay, overtime and premium pay), employee benefits, location of employment and a position of employment consistent with the terms of the applicable New Collective Bargaining Agreement.

(b) With respect to Transferred Employees not represented by a labor union, Purchaser shall provide, or cause to be provided, for a period of one (1) year following the Closing Date, to the Transferred Employees (i) compensation (including salary, wages and opportunities for commissions, bonuses, overtime and premium pay) and employee benefits (excluding any equity-based compensation benefits, benefits pursuant to a defined benefit plan, or plan providing post-retirement medical or other similar benefits) that are substantially comparable in the aggregate to those provided to the Transferred Employees immediately prior to the Closing, and (ii) severance payments and benefits in accordance with the applicable severance plan or program for the Transferred Employees as in effect immediately prior to the Closing Date.

(c) To the extent permitted by applicable Law, with respect to Transferred Employees not represented by a labor union, for purposes of eligibility and vesting under the employee benefit plans and programs of Purchaser providing benefits to Transferred Employees (including vacation but excluding any severance payment programs) (the "Purchaser Plans"), Purchaser shall, or shall use commercially reasonable efforts to cause its Affiliates to, credit each Transferred Employee with his or her years of service with Sellers and any predecessor entities, to the same extent as such Transferred Employee was entitled immediately prior to the Closing to credit for such service under any similar Employee Benefit Plan. Notwithstanding the foregoing, nothing in this Section 9.2 shall be construed to require crediting of service that would result in duplication of benefits. Purchaser shall, or shall use commercially reasonable efforts to cause its Affiliates or third-party insurance providers to, cause (i) the waiver of all limitations as to pre-existing conditions and (ii) the crediting of each Transferred Employee with any deductibles and co-payments paid in the year of initial participation in the Purchaser Plans.

(d) Accrued Vacation. Unless otherwise provided by the terms of the New Collective Bargaining Agreement for those Transferred Employees covered by the New Collective Bargaining Agreements, the accrued but unused vacation, sick days, and personal days of all Transferred Employees as of the Closing Date shall not be paid out upon Closing but instead the Purchaser will credit Transferred Employees with such accrued and unused vacation, sick days and personal days through the Closing Date.

(e) No Third Party Beneficiary Rights. Nothing herein, express or implied, shall confer upon any other Persons (including any current or former employee of any Seller, Purchaser or any of their respective Affiliates) any rights or remedies hereunder, including any right to employment or continued employment for any specified period or continued participation in any Employee Benefit Plan or other benefit plan (including any Purchaser Plans), or any nature or kind whatsoever under or by reason of this Agreement. Nothing herein restricts or precludes the right of Purchaser to terminate the employment of any Transferred Employee. Purchaser and Sellers agree that the provisions contained herein are not intended to be for the benefit of or otherwise be enforceable by, any third party, including any current or former Employee or Service Provider.

ARTICLE X

CONDITIONS TO CLOSING

Section 10.1 Conditions Precedent to Obligations of Purchaser. The obligation of Purchaser to consummate the Transactions is subject to the fulfillment, prior to or on the Closing Date, of each of the following conditions (any or all of which may be waived by Purchaser, in whole or in part, to the extent permitted by applicable Law):

(a) the representations and warranties of Sellers set forth in Article V, disregarding all qualifications and exceptions contained therein relating to materiality or Material Adverse Effect, shall be true and correct at and as of the Closing Date as if made on and as of the Closing Date (or, to the extent given as of a specific date, as of such date), except for such failures to be true and correct that has not resulted in a Material Adverse Effect, and Purchaser shall have received a certificate signed by an authorized officer of Sellers, dated the Closing Date, to the foregoing effect;

(b) Sellers shall have performed and complied in all material respects with all covenants, obligations and agreements required in this Agreement to be performed or complied with by Sellers prior to or on the Closing Date, and Purchaser shall have received a certificate signed by an authorized officer of each Seller on behalf of such Seller, dated the Closing Date, to the forgoing effect;

(c) there shall be no pending challenge or contest to the validity, amount, perfection or priority of the Term B-1 Loans or the Term Loan Documents or other claims of Purchaser thereunder that would prevent or otherwise limit Purchaser's ability to credit bid the Credit Bid Amount, unless any such challenge or contest shall have been resolved to the reasonable satisfaction of Purchaser in its sole and absolute discretion;

(d) (i) the Bankruptcy Court shall have determined that Sellers can sell the Purchased Assets free and clear of any successor clause in the Collective Bargaining Agreements (the "Released CBAs") or (ii) the applicable labor unions have agreed to waive or remove the successor clauses in the Released CBAs;

(e) (i) Purchaser shall have entered into the New Collective Bargaining Agreements in forms that are acceptable to Purchaser in Purchaser's sole discretion and (ii) either (A) Purchaser and the other parties thereto shall have entered into the Settlement Agreements or (B) in the event that one or more settlements cannot be agreed, Purchaser is otherwise satisfied with all terms and consequences relating to the withdrawal from the relevant Multiemployer Plans;

(f) Purchaser shall have received the proceeds of the Debt Financing on terms and conditions acceptable to Purchaser; provided, that, this Section 10.1(f) shall be deemed automatically waived (without any action by any Party) following the receipt by Purchaser of the executed Debt Commitment Letters;

(g) the Sale Order shall have been entered and not stayed, vacated or modified without Purchaser's consent; and

(h) Sellers shall have delivered, or caused to be delivered, to Purchaser all of the items set forth in Section 4.2.

Section 10.2 Conditions Precedent to Obligations of Sellers. The obligations of Sellers to consummate the Transactions are subject to the fulfillment, prior to or on the Closing Date, of each of the following conditions (any or all of which may be waived by Sellers, in whole or in part, to the extent permitted by applicable Law):

(a) the representations and warranties of Purchaser set forth in Article VI qualified as to materiality shall be true and correct in all respects, and those not so qualified shall be true and correct in all material respects, in each case, on and as of the Closing Date as if made on and as of the Closing Date (or to the extent given as of a specific date, as of such date), and Sellers shall have received a certificate signed by an authorized officer of Purchaser, dated the Closing Date, to the foregoing effect;

(b) Purchaser shall have performed and complied in all material respects with all covenants, obligations and agreements required by this Agreement to be performed or complied with by Purchaser prior to or on the Closing Date, and Sellers shall have received a certificate signed by an authorized officer of Purchaser on behalf of Purchaser, dated the Closing Date, to the foregoing effect; and

(c) Purchaser shall have delivered, or caused to be delivered, to Sellers all of the items set forth in Section 4.3.

Section 10.3 Conditions Precedent to Obligations of Purchaser and Sellers. The respective obligations of Purchaser and Sellers to consummate the Transactions are subject to the fulfillment, on or prior to the Closing Date, of each of the following conditions (any or all of which may be waived by Purchaser and Sellers, in whole or in part, to the extent permitted by applicable Law):

(a) there shall not be in effect any Order by a Governmental Body of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the Transactions;

(b) the Bankruptcy Court shall have entered the Bidding Procedures Order and the Sale Order;

(c) the Bidding Procedures Order and the Sale Order shall be in full force and effect and no Order staying, revising, modifying or amending either such Order shall be in effect; and

(d) the waiting period, if applicable to the Transactions under the HSR Act or other applicable Antitrust Laws, shall have expired or early termination shall have been granted.

Section 10.4 Frustration of Closing Conditions. No Party may rely on the failure of any condition set forth in Section 10.1, Section 10.2 or Section 10.3, as the case may be, if such failure was caused by such Party's failure to comply with or breach of any provision of this Agreement.

ARTICLE XI

TAXES

Section 11.1 Transfer Taxes. Purchaser shall be responsible for any sales, use, stamp, documentary, filing, recording, transfer or similar fees or Taxes or governmental charges (including any real property transfer Taxes, UCC-3 filing fees, real estate, aircraft and motor vehicle registration, title recording or filing fees and other amounts payable in respect of transfer filings, and including any interest and penalty thereon) payable in connection with the Transactions ("Transfer Taxes"). To the extent that any Transfer Taxes are required to be paid by (or such Transfer Taxes are assessed against) Sellers (including any directors, officers or employees of the Company), Purchaser shall promptly reimburse Sellers (including any such directors, officers or employees of the Company) for such Transfer Taxes. Sellers and Purchaser shall cooperate and consult with each other prior to filing any Tax Returns in respect of Transfer Taxes. Sellers and Purchaser shall cooperate and otherwise take commercially reasonable efforts to obtain any available refunds for Transfer Taxes.

Section 11.2 Tax Payments. Beginning as of 12:01 a.m. (eastern time) on the day after the Closing Date, Purchaser shall be responsible for and shall pay all real and personal property Taxes or similar ad valorem obligations payable with respect to the Purchased Assets, regardless of the taxable period to which such Taxes are attributable.

Section 11.3 Purchase Price Allocation. Sellers and Purchaser shall allocate the Purchase Price (including the Assumed Liabilities and all other relevant items) among the Purchased Assets in accordance with section 1060 of the Code and the Treasury Regulations thereunder. No later than forty-five (45) calendar days after the Closing Date, Purchaser shall prepare and deliver to Sellers a draft allocation (the "Asset Acquisition Statement") for Sellers' review and comment. Any reasonable comments provided by Sellers to Purchaser within fifteen (15) calendar days of receipt of the Asset Acquisition Statement shall be considered by Purchaser in good faith. The Asset Acquisition Statement (inclusive of any reasonable comments accepted by Purchaser) shall be conclusive and binding on the Parties. Purchaser shall prepare and deliver to Sellers from time to time revised copies of the Asset Acquisition Statement (the "Revised Statements") so as to report any matters on the Asset Acquisition Statement that need updating consistent with the agreed upon allocation. The purchase price for the Purchased Assets shall be allocated in accordance with the Asset Acquisition Statement or, if applicable, the last Revised Statements provided by Purchaser to Sellers, and all income Tax Returns and reports (including IRS Form 8594 and any required exhibits thereto) filed by Purchaser and Sellers shall be prepared consistently with such allocation, except as provided by a change in applicable Tax Law or the good faith resolution of a Tax contest.

Section 11.4 Cooperation. Each Seller, on the one hand, and Purchaser, on the other hand, will provide each other with such cooperation and information as either of them reasonably may request of the other in filing any Tax Return, claiming any refund of Taxes, determining a Liability for Taxes or a right to a refund of Taxes, or conducting any audit or other proceeding in respect of Taxes. Such cooperation and information shall include providing copies of relevant Tax Returns or portions thereof, together with accompanying schedules, related work papers and documents relating to rulings and other determinations by Tax Authorities. Any information obtained under this Section 11.4 shall be kept confidential except as may be otherwise necessary in connection with the filing of Tax Returns or claims for refund or in conducting any audit or other proceeding.

ARTICLE XII

MISCELLANEOUS

Section 12.1 Survival. Except for any covenant that by its terms is to be performed (in whole or in part) by any Party at or after the Closing, which shall survive the Closing hereunder until the expiration of the applicable statute of limitations or for such shorter period explicitly specified herein, none of the representations, warranties, or covenants of any Party set forth in this Agreement or in any certificate delivered pursuant to Section 4.2(e) or Section 4.3(h) shall survive, and each of the same shall terminate and be of no further force or effect as of, the Closing.

Section 12.2 Expenses. Except as otherwise expressly provided in this Agreement (including the Expense Reimbursement) or in any other agreement between Sellers and Purchaser, whether or not the Transactions are consummated, each Seller and Purchaser shall bear its own expenses incurred in connection with the negotiation and execution of this Agreement and each other agreement, document and instrument contemplated by this Agreement and the consummation of the transactions contemplated hereby and thereby and all proceedings incident thereto, including all fees of law firms, commercial banks, investment banks, accountants, public relations firms, experts and consultants. This Section 12.2 shall not apply with respect to any costs or expenses incurred by the Parties in connection with any action for a breach of this Agreement or any other agreement, document and instrument contemplated by this Agreement (each, a "Transaction Document").

Section 12.3 Injunctive Relief. The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement or the Ancillary Agreements (as applicable) were not performed in accordance with their specific terms or were otherwise breached, and that damages at law may be an inadequate remedy for the breach of any of the covenants, promises and agreements contained in this Agreement or the Ancillary Agreements (as applicable), and, accordingly, any Party shall be entitled to injunctive relief to prevent any such breach, and to specifically enforce the terms and provisions of this Agreement or the Ancillary Agreements (as applicable), including specific performance of such covenants, promises or agreements or an order enjoining a party from any threatened, or from the continuation of any actual, breach of the covenants, promises or agreements contained in this Agreement or the Ancillary

Agreements (as applicable). The rights set forth in this Section 12.3 shall be in addition to any other rights which a Party may have at law or in equity pursuant to this Agreement or the Ancillary Agreements (as applicable).

Section 12.4 Governing Law. This Agreement, and all claims or causes of action (whether in contract or tort) that may be based upon, arise out of or relate to this Agreement (including the Exhibits and Schedules), or the negotiation, execution, termination, performance or nonperformance of this Agreement, shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and performed in such State, without regard to any conflict of laws principles thereof, except to the extent that the Laws of such State are superseded by the Bankruptcy Code or other applicable federal Law.

Section 12.5 Submission to Jurisdiction; Consent to Service of Process; WAIVER OF TRIAL BY JURY.

(a) Without limiting any Party's right to appeal any order of the Bankruptcy Court, (i) the Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes which may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the Transactions, and (ii) any and all proceedings related to the foregoing shall be filed and maintained only in the Bankruptcy Court, and the Parties hereby consent to and submit to the jurisdiction and venue of the Bankruptcy Court and shall receive notices at such locations as indicated in Section 12.7; provided, however, that, if the Bankruptcy Cases have closed, the Parties agree to unconditionally and irrevocably submit to the exclusive jurisdiction of the United States District Court for the Southern District of New York sitting in New York County or the Commercial Division, Civil Branch of the Supreme Court of the State of New York sitting in New York County and any appellate court from any thereof, for the resolution of any such claim or dispute. The Parties hereby irrevocably waive, to the fullest extent permitted by applicable Law, any objection which they may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute.

(b) Each of the Parties hereby consents to process being served by any Party in any suit, action or proceeding by delivery of a copy thereof in accordance with the provisions of Section 12.7.

(c) **EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE PURCHASER DOCUMENTS OR ANY OTHER AGREEMENT CONTEMPLATED HEREBY AND THEREBY OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF**

ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 12.6 Entire Agreement; Amendments and Waivers. This Agreement (including the Schedules and Exhibits), the Ancillary Agreements and each other agreement, document or instrument contemplated hereby or thereby and the Confidentiality Agreement represent the entire understanding and agreement among the Parties with respect to the subject matter hereof and supersedes all prior discussions and agreements among the Parties with respect to the subject matter hereof. Except as otherwise expressly provided herein, this Agreement may be amended, supplemented or changed, and any provision hereof may be waived, only by written instrument making specific reference to this Agreement signed by the Party against whom enforcement of any such amendment, supplement, modification or waiver is sought. No action taken pursuant to this Agreement, including any investigation by or on behalf of any Party, shall be deemed to constitute a waiver by the Party taking such action of compliance with any representation, warranty, covenant or agreement contained herein. The waiver by any Party of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure on the part of any Party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such Party preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by law.

Section 12.7 Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed given (a) when delivered personally by hand (with written confirmation of receipt), (b) when sent by facsimile (so long as confirmation of transmission is electronically or mechanically generated and kept on file by the sending party), (c) five (5) calendar days after being deposited with the United States Post Office, by registered or certified mail, postage prepaid, (d) one (1) Business Day following the day sent by overnight courier (with written confirmation of receipt), or (e) when sent by electronic mail (so long as confirmation of transmission is electronically or mechanically generated and kept on file by the sending party), in each case to the respective Persons at the following addresses, email addresses or facsimile numbers (or to such other address, email address or facsimile number as a Party may have specified by notice given to the other Parties pursuant to this provision):

If to Sellers, to:

Angelica Corporation

1105 Lakewood Parkway, Suite 210
Alpharetta, Georgia 30009
Attention: Jonathan I. Blake, General Counsel & Secretary
Email: jblake@angelica.com

With a copy (which shall not constitute notice) to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
Attention: Matt Barr; Gavin Westerman
Facsimile: (212) 310-8007
Email: matt.barr@weil.com; gavin.westerman@weil.com

If to Purchaser, to:

9W Halo Holdings L.P.
555 California Street, 50th Floor
San Francisco, California 94104
Attention: General Counsel
Facsimile: (415) 391-3077
Email: creditlegal@kkr.com

With a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019
Attention: Brian S. Hermann
Facsimile: (212) 373-3545
Email: bhermann@paulweiss.com
Attention: Lauren Shumejda
Facsimile: (212) 492-0559
Email: lshumejda@paulweiss.com

Section 12.8 Severability. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any law or public policy, all other terms or provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the Transactions is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the Transactions are consummated as originally contemplated to the greatest extent possible.

Section 12.9 Binding Effect; No Third-Party Beneficiaries; Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Nothing in this Agreement shall create or be deemed to create any third party beneficiary rights in any Person not a party to this Agreement. No assignment of this Agreement or of any rights or obligations hereunder may be made by either Sellers or Purchaser (by operation of Law or otherwise) without the prior written consent of the other Parties and any attempted assignment without the required consents shall be void; provided, however, that, subject to the immediately following sentence, (a) Purchaser may assign some or all of its rights or delegate some or all of its obligations hereunder to one or more of its Affiliates and (b) Sellers may assign some or all of their rights or delegate some or all of their obligations hereunder to successor entities (including any liquidating trust) pursuant to a Chapter 11 plan confirmed by the Bankruptcy Court. No assignment of any obligations hereunder shall relieve the Parties of any such obligations. Upon any such permitted assignment, the references in this Agreement to Purchaser shall also apply to any such assignee unless the context otherwise requires.

Section 12.10 Non-Recourse. No past, present or future director, officer, employee, incorporator, member, partner or equityholder of the parties to this Agreement shall have any Liability for any obligations or Liabilities of Sellers or Purchaser, as applicable, under this Agreement or any agreement entered into in connection herewith of or for any claim based on, in respect of, or by reason of, the transactions contemplated hereby and thereby. All claims or causes of action (whether in contract or in tort, in Law or in equity, or granted by statute) that may be based upon, in respect of, arise under, out or by reason of, be connected with, or related in any manner to this Agreement or any agreement, document or instrument contemplated hereby may be made only against (and are expressly limited to) the Parties, and then only with respect to the specific obligations set forth herein or therein. No Person who is not a Party (including any director, officer, employee, incorporator, member, partner, manager, stockholder, Affiliate, agent, attorney or representative of, and any financial advisor or lender to, any of the foregoing) shall have any Liability (whether in contract or in tort, in Law or in equity, or granted by statute or based upon any theory that seeks to impose Liability of an entity party against its owners or affiliates) of any party under this Agreement or the agreements, documents or instruments contemplated hereby or for any Legal Proceeding based on, in respect of, or by reason of, the transactions contemplated hereby or thereby (including the breach, termination or failure to consummate such transactions), in each case whether based on contract, tort, fraud, strict liability, other Laws or otherwise and whether by piercing the corporate veil, by a claim by or on behalf of a Party or another Person or otherwise. In no event shall any Person be liable to another Person for any consequential, special, remote, speculative or punitive damages with respect to the Transactions.

Section 12.11 Counterparts. This Agreement may be executed in one or more counterparts, and by the different Parties in separate counterparts, each of which shall be deemed to be an original copy of this Agreement and all of which, when taken together, shall be deemed to constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or other electronic means (including portable document format) shall be as effective as delivery of a manually executed counterpart of this Agreement.

Section 12.12 Credit Bid Direction. Purchaser has provided to Sellers a true and correct copy of a direction letter signed by the Required Lenders and the Term Loan Agent, pursuant to which the Required Lenders have authorize the Term Loan Agent to, among other things, enter into and perform and comply with this Agreement and consummate the transactions contemplated hereby, including credit bidding the Credit Bid Amount (the "Direction Letter"). Purchaser shall provide copies of any amendments to the Direction Letter to Sellers promptly after their execution and delivery. The Term Loan Agent, on behalf of the Required Lenders, agrees that the Direction Letter shall not be amended, modified, waived or terminated, in whole or in part, in any manner that is adverse to Sellers without the prior written consent of Sellers.

Section 12.13 Matters Related to Term Loan Agent. The Term Loan Agent has executed this Agreement at the direction of the Required Lenders in order to facilitate the Transactions. Each of the Parties acknowledges and agrees that none of Sellers' title to, control of or possession of any of the Purchased Assets, or any of Sellers' obligations in respect of any of the Assumed Liabilities, shall be transferred to or assumed by the Term Loan Agent. Each Seller and Purchaser, on behalf of itself and its respective Affiliates, acknowledges and agrees that (x) the Term Loan Agent is consulting with, and/or being directed by, the Required Lenders with respect to this Agreement and the Transactions and (y) neither the Term Loan Agent nor any of its Affiliates shall have any Liability or other obligation in the event of any breach by Purchaser or any Seller of any of its representations, warranties, covenants, obligations or other agreements under this Agreement, including its obligations to consummate the Transactions in accordance with the terms of any Transaction Document, other than as a result of or arising out of the Term Loan Agent's fraud, gross negligence or willful misconduct. Each Seller and Purchaser, on behalf of itself and its respective Affiliates, further acknowledges and agrees that neither the Term Loan Agent nor any of its Affiliates shall in any way be deemed to be attributed or otherwise responsible for any of the representations, warranties, covenants, obligations or other agreements of Purchaser or Sellers under any Transaction Document, including any obligation of Purchaser or Sellers hereunder to make payments of any kind, provide written approvals or make deliveries. Each Seller and Purchaser, on behalf of itself and its respective Affiliates, further acknowledges and agrees that neither the Term Loan Agent nor any of its Affiliates shall have any Liability or other obligation in respect of any action taken or not taken by the Term Loan Agent in connection with any Transaction Document at the direction of the Required Lenders, other than as a result of or arising out of the Term Loan Agent's fraud, gross negligence or willful misconduct. Each Seller and Purchaser, on behalf of itself and its respective Affiliates, further acknowledges and agrees that Purchaser, and not the Term Loan Agent, has negotiated the terms of the purchase set forth herein, including, the assets being purchased, the liabilities being assumed, the Purchase Price, Credit Bid Amount and all the terms of this Agreement relating to the purchase by Purchaser, and the Term Loan Agent shall bear no responsibility and incur no Liability whatsoever to any Person by virtue of being a Party.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first written above.

SELLERS:

CLOTHESLINE HOLDINGS, INC.

By: ____________________________
Name: John Makuch
Title: Authorized Officer

ANGELICA CORPORATION

By: ____________________________
Name: John Makuch
Title: Authorized Officer

ANGELICA TEXTILE SERVICES, INC.,
a New York corporation

By: ____________________________
Name: John Makuch
Title: Authorized Officer

ANGELICA TEXTILE SERVICES, INC.,
a California corporation

By: ____________________________
Name: John Makuch
Title: Authorized Officer

ROYAL INSTITUTIONAL SERVICES, INC.

By: ____________________________
Name: John Makuch
Title: Authorized Officer

PURCHASER

9W HALO HOLDINGS L.P.

By: KKR ILP LLC,
its General Partner

By: ______________________
Name: Nicole J. Macarchuk
Title: Assistant Secretary

CORTLAND CAPITAL MARKET SERVICES LLC, as Term Loan Agent, signing solely with respect to Section 3.1 and Section 12.13 of this Agreement

By: ______________________
Name: Emily Ergang Pappas
Title: Associate Counsel